

tinuance of the use as dwellings of buildings situated in alleys in the District of Columbia; to the Committee on the District of Columbia.

Also, a bill (H. R. 14002) to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. SWEET: A bill (H. R. 14003) to amend and modify the war risk insurance act; to the Committee on Interstate and Foreign Commerce.

By Mr. McSWAIN: A bill (H. R. 14004) to prevent corrupt political practices; to the Committee on the Judiciary.

By the SPEAKER: Memorial of the Legislature of the State of South Dakota requesting and demanding modification and revision of the present Federal standards for grading grain; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of South Dakota urging the enactment of an act to require the completion of a steel bridge at Chamberlain, S. Dak.; to the Committee on Interstate and Foreign Commerce.

Also, memorial from the Legislature of the State of South Dakota relative to S. 4130, a Federal farm loan bill; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of South Dakota relative to modifying and reducing the present freight rates for grain and live stock; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the State of South Dakota relative to the following subjects: Federal farm loans, Federal standards for grading grain, freight rates and live stock, and completion of steel bridge at Chamberlain, S. Dak.; to the Committee on Agriculture.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FAUST: A bill (H. R. 14005) granting a pension to Robert W. Hawkins; to the Committee on Pensions.

By Mr. FROTHINGHAM: A bill (H. R. 14006) to reimburse Lieut. Col. Charles F. Sargent, National Guard of Massachusetts; to the Committee on Military Affairs.

By Mr. KENDALL: A bill (H. R. 14007) granting a pension to Mary Margaret Lilley; to the Committee on Invalid Pensions.

By Mr. MAPES: A bill (H. R. 14008) granting a pension to John Bywater; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14009) for the relief of Herman R. Wolfman; to the Committee on Military Affairs.

By Mr. NEWTON of Minnesota: A bill (H. R. 14010) for the relief of Jerome May; to the Committee on Claims.

By Mr. ROBSION: A bill (H. R. 14011) for the relief of Zachariah Vaughn; to the Committee on Military Affairs.

By Mr. SANDERS of Indiana: A bill (H. R. 14012) granting a pension to Oscar Okes; to the Committee on Invalid Pensions.

By Mr. SWING: A bill (H. R. 14013) for the relief of George H. Ewart; to the Committee on Naval Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7014. By Mr. ABERNETHY: Petition of William D. Harris, relating to the amendment to the War Department appropriation bill denying General Harbord retired pay; to the Committee on Military Affairs.

7015. By Mr. CONNOLLY of Pennsylvania: Letter from the general secretary of the Philadelphia Chamber of Commerce, conveying the approval of that organization of Senate Joint Resolution 85, to provide for the remission of further payments of the annual installments of the Chinese indemnity; to the Committee on Foreign Affairs.

7016. By Mr. FROTHINGHAM: Petition of the executive committee of the Massachusetts Public Interests League, protesting against the recognition of the present government of Russia by the United States; to the Committee on Foreign Affairs.

7017. By Mr. GARNER: Petition of 50 citizens of Texas, urging that aid be extended to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7018. By Mr. KISSEL: Petition of the New York Trap Rock Corporation, New York City, N. Y., regarding immigration from Europe; to the Committee on Immigration and Naturalization.

7019. By Mr. OSBORNE: Petition of Mr. J. Nuesch and 53 other residents of Los Angeles County, Calif., indorsing the Newton resolution to extend aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7020. By Mr. RANSLEY: Memorial of Philadelphia Chamber of Commerce, favoring the Chinese indemnity bill, joint resolution, calendar No. 264 (S. J. Res. 85); to the Committee on Foreign Affairs.

7021. By Mr. SMITH of Michigan: Petition of 46 residents of Albion, Mich., urging that aid be extended to the famine-stricken people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7022. By Mr. STEENERSON: Resolution of Clay County National Farm Loan Association, (1) opposing the taking from farm-loan association members the management of their own business or the discouraging of cooperation of local farm-loan associations, (2) opposing commercial banking functions being added to Federal land banks, (3) in favor of raising the limit of loans from \$10,000 to \$25,000; to the Committee on Banking and Currency.

7023. Also, petition of J. M. Stephens et al., Crookston, Minn., to abolish discriminatory tax on small arms, ammunition, and firearms; to the Committee on Ways and Means.

7024. Also, resolution of Wilkin County Child Welfare Board, of Breckenridge, Minn., favoring enactment of child labor amendment now pending in Congress; to the Committee on the Judiciary.

7025. Also, petition of stockholders of the Hallock National Farm Loan Association, opposing the passage of House bills 13125 and 13196 relating to loan associations; to the Committee on Banking and Currency.

7026. By Mr. YOUNG: Petition of 62 residents of Ashley, N. Dak., urging the passage of joint resolution now pending in Congress proposing to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

#### SENATE.

THURSDAY, January 25, 1923.

(Legislative day of Tuesday, January 23, 1923.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

#### DEPARTMENTAL USE OF AUTOMOBILES.

The VICE PRESIDENT laid before the Senate a communication from the secretary of the Joint Board, in response to Senate Resolution 399, agreed to January 6, 1923, relative to the ownership and upkeep of passenger automobiles by the board, which was ordered to lie on the table.

He also laid before the Senate a communication from the president of the Board of Commissioners of the District of Columbia, transmitting, in response to Senate Resolution 399, agreed to January 6, 1923, a report relative to the number and cost of maintenance of motor vehicles in use by the government of the District of Columbia, which was ordered to lie on the table.

#### SENATOR FROM WYOMING.

Mr. WARREN presented the credentials of JOHN B. KENDRICK, chosen a Senator from the State of Wyoming for the term beginning March 4, 1923, which were read and ordered to be placed on file, as follows:

#### CERTIFICATE OF ELECTION.

THE STATE OF WYOMING,  
Executive Department.

Whereas according to the official returns of a general election held in the State of Wyoming on the 7th day of November, A. D. 1922, regularly transmitted to the office of the secretary of state and duly canvassed by the State board of canvassers, it appears that JOHN B. KENDRICK was lawfully elected United States Senator of the State of Wyoming.

Therefore, I, Robert D. Carey, Governor of the State of Wyoming, do hereby certify that JOHN B. KENDRICK is duly elected United States Senator of the State of Wyoming for the term of six years from the 4th day of March, A. D. 1923.

In witness whereof I have hereunto set my hand and caused the great seal of the State to be hereunto affixed. Given at Cheyenne, the capital, this 20th day of December, A. D. 1922, and of the Independence of the United States the one hundred and forty-seventh.

[SEAL.]

By the governor:

W. E. CHAPLIN, Secretary of State.  
By H. M. SYMONS, Deputy.

#### SENATOR FROM INDIANA.

Mr. WATSON presented the credentials of SAMUEL M. RALSTON, chosen a Senator from the State of Indiana for the term beginning March 4, 1923, which were read and ordered to be placed on file, as follows:

THE STATE OF INDIANA,  
Executive Department.

To all whom these presents shall come, greeting:

Whereas it has been certified to me by the proper authority that SAMUEL M. RALSTON has been elected to the office of United States Senator for the State of Indiana;

Therefore know ye, that in the name and by the authority of the State aforesaid I do hereby commission the said SAMUEL M. RALSTON United States Senator for the State of Indiana for the term of six years from the 4th day of March, 1923, until his successor shall have been elected and qualified.

In witness whereof I have hereunto set my hand and caused to be affixed the seal of the State at the city of Indianapolis this 24th day of November in the year of our Lord one thousand nine hundred and twenty-two, the one hundred and sixth year of the State, and of the independence of the United States the one hundred and forty-seventh year.

[SEAL.]

By the governor:

Ed JACKSON, Secretary of State.

## PETITIONS AND MEMORIALS.

Mr. ROBINSON presented sundry papers to accompany the bill (S. 4253) for the relief of Guy L. Hartman, which were referred to the Committee on Claims.

He also presented the petition of Elliott Fletcher Chapter, United Daughters of the Confederacy, of Blytheville, Ark., praying that an appropriation be made to carry out the improvement of the Prairie Grove battle grounds as a military park, which was referred to the Committee on Military Affairs.

He also presented the petition of Samuel V. Wolfe and sundry other citizens, of Manchester, Tenn., praying for adoption of the Robinson amendment to the so-called ship subsidy bill relative to the safety of crews and passengers on seagoing vessels, which was referred to the Committee on Commerce.

He also presented a petition of sundry citizens of the fourth district of Arkansas praying for the passage of legislation extending immediate aid to the famine-stricken peoples of the German and Austrian Republics, which was referred to the Committee on Foreign Relations.

Mr. McNARY presented the following memorial of the Senate of the Legislature of Oregon, which was referred to the Committee on Interstate Commerce:

## State memorial No. 1.

To the honorable members of the Interstate Commerce Commission:

Your memorialists, the Senate of the State of Oregon, hereby represent that—

Whereas the ownership and operation of the Central Pacific Railroad is now being adjusted by the Interstate Commerce Commission in a proceeding pending before that body; and

Whereas the State of Oregon is interested in bringing to Oregon greater railroad development, shorter and more direct routes of traffic; and

Whereas it is essential to the growth and development of our State that the Natron cut-off be constructed, as well as an east and west line from Crane, Oreg., to a point west of the Cascades, and that the railroad lines in Oregon be operated under such a grouping as is authorized by law and will make for the fullest development of our State;

Now, therefore, your memorialists pray that in the final grouping, adjustment, and disposal of the lines and properties of the Central Pacific Railroad that your body will have in mind the interests and rights of the State of Oregon, its needs for further railroad development, and that any final order or decree of your body be made only after a full inquiry into all the facts touching upon the needs of railroad development in this State, its resources and possibilities, and the rights of our citizens for further immediate railroad development and adequate railway service.

Adopted by the senate January 18, 1923.

JAY UPTON, President of the Senate.

Mr. LADD presented petitions of 62 citizens of Mercer and of 64 citizens of Jamestown, Valley City, and Oakes, all in the State of North Dakota, praying for the passage of legislation extending immediate aid to the famine-stricken peoples of the German and Austrian Republics, which were referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens of York, N. Dak., praying for the passage of legislation stabilizing the prices of farm products, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution of the Wildrose National Farm Loan Association, of Wildrose, N. Dak., protesting against the passage of the so-called Strong and Norbeck bills, amending certain sections of the Federal farm loan act, which was referred to the Committee on Banking and Currency.

Mr. NORRIS. I present a petition, numerous signed by citizens of Nebraska. I ask that the body of the petition be printed in the RECORD, and that the petition with the signatures be referred to the Committee on Interstate Commerce.

There being no objection, the petition was referred to the Committee on Interstate Commerce and the body of the petition was ordered to be printed in the RECORD, as follows:

## Petition.

To the Congress of the United States of America:

We, the undersigned, being legal voters of the fifth congressional district of the State of Nebraska, do most humbly petition your most honorable body that the Federal Government take over the railroads and coal mines by having them appraised by disinterested persons and allowing the owners the appraisement value as compensation for the railroads and mines; also that the Federal Government own, operate, and control them and their products.

## REPORTS OF COMMITTEES.

Mr. SMOOT, from the Committee on Finance, to which was referred the bill (S. 4390) to amend the last paragraph of section 10 of the Federal reserve act as amended by the act of June 3, 1922, reported it without amendment.

Mr. NEW, from the Committee on Foreign Relations, submitted a report (No. 1060) to accompany the bill (S. 3701) for the relief of Blattmann & Co., heretofore reported by him.

## LEGISLATIVE APPROPRIATIONS.

Mr. WARREN. I report back favorably with amendments from the Committee on Appropriations the bill (H. R. 13926) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1924, and for other purposes, and I submit a report (No. 1059) thereon. I wish to state that I expect to call up the bill some time to-day. The bill as reported recommends the addition of only a few thousand dollars to the appropriations made by the House.

The VICE PRESIDENT. The bill will be placed on the calendar.

## BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BROOKHART:

A bill (S. 4407) to authorize the President to operate coal mines in an emergency; to the Committee on Education and Labor.

By Mr. WARREN:

A bill (S. 4408) granting a pension to Elizabeth A. McGinley (with accompanying papers); to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 4409) for the relief of Horace G. Wilson; to the Committee on Claims.

By Mr. LODGE:

A bill (S. 4410) granting a pension to Elizabeth M. Sage; to the Committee on Pensions.

By Mr. KELLOGG:

A bill (S. 4411) granting the consent of Congress to the cities of Minneapolis and St. Paul, Minn., or either of them, to construct a bridge across the Mississippi River in section 17, township 28 north, range 23 west of the fourth principal meridian, in the State of Minnesota; to the Committee on Commerce.

By Mr. HALE:

A bill (S. 4412) granting a pension to Nellie E. Wilson; to the Committee on Pensions.

By Mr. BALL:

A bill (S. 4413) to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes; and

A bill (S. 4414) to amend the act of Congress approved September 6, 1922, relating to the discontinuance of the use as dwellings of buildings situated in the alleys in the District of Columbia; to the Committee on the District of Columbia.

By Mr. NEW:

A bill (S. 4415) granting an increase of pension to Frances F. Godown (with accompanying papers); to the Committee on Pensions.

By Mr. NORRIS:

A bill (S. 4416) for the relief of Warren C. Hodgkins; to the Committee on the Judiciary.

By Mr. CALDER:

A bill (S. 4417) to grant relief and authorize the assessment of duties on merchandise actually imported into the United States prior to September 22, 1922, where owing to unforeseen delays in transportation the merchandise did not reach its ultimate destination until on or after September 22, when the new tariff became operative; to the Committee on Finance.

By Mr. WILLIS:

A bill (S. 4418) granting a pension to William Gossett (with accompanying papers); to the Committee on Pensions.

## PAY OF ASSISTANTS TO NAVAL BUREAU CHIEFS.

Mr. McKELLAR submitted an amendment intended to be proposed by him to the bill (H. R. 7864) providing for sundry matters affecting the Naval Establishment, which was referred to the Committee on Naval Affairs and ordered to be printed.

## PROMOTION OF CERTAIN MARINE OFFICERS.

Mr. STANFIELD submitted an amendment intended to be proposed by him to the bill (H. R. 7864) providing for sundry matters affecting the Naval Establishment, which was referred to the Committee on Naval Affairs and ordered to be printed.

## WILBUR A. RICHARDSON—WITHDRAWAL OF PAPERS.

On motion of Mr. STERLING, it was—

Ordered, That leave be, and is hereby, granted to withdraw from the files of the Senate the papers filed with the bill (S. 2954) for the relief of Wilbur A. Richardson, no adverse report having been made thereon.



## TRAFFIC CONDITIONS IN WASHINGTON CITY.

Mr. ROBINSON. Mr. President, I ask leave to submit a resolution and have it referred to the Committee on the District of Columbia. I take the liberty of saying that the resolution relates to the subject matter which was discussed in the Senate by the Senator from Massachusetts [Mr. LODGE] and a number of other Senators a day or two ago. It points to a reform of traffic conditions in the city of Washington. I ask that the Committee on the District of Columbia may give it immediate consideration.

The resolution (S. Res. 419) was referred to the Committee on the District of Columbia, as follows:

*Resolved*, That the Committee on the District of Columbia, or any subcommittee thereof, be, and it is hereby, authorized and directed to investigate traffic conditions in the city of Washington, particularly with reference to accidents and damages to persons and property, and the most reliable and practicable means and measures for protecting the public from danger and injury arising from negligence and other causes of accident and injury in traffic. Said committee or subcommittee shall report its findings and recommendations to the Senate within 30 days.

## ASSISTANT CLERK TO COMMITTEE ON NAVAL AFFAIRS.

Mr. HALE submitted the following resolution (S. Res. 420), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Committee on Naval Affairs be, and it is hereby, authorized to employ an assistant clerk during the Sixty-eighth Congress at the rate of \$1,600 per annum, to be paid out of the contingent fund of the Senate.

## PRESIDENTIAL APPROVAL.

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that on January 25, 1923, the President approved and signed the joint resolution (S. J. Res. 43) to grant authority to continue the use of the temporary buildings of the American Red Cross headquarters in the city of Washington, D. C.

## DISTRICT OF COLUMBIA APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 13600) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1924, and for other purposes, the pending question being on the amendment proposed by Mr. MCKELLAR, on page 10, after line 22, to insert the following proviso:

*Provided*, That the appropriation in this section shall not become available until the Public Utilities Commission shall fix rates of fare for the street railway companies in the District of Columbia at rates not in excess of the rates of fare fixed in existing charters or contracts heretofore entered into between said companies and the Congress, and on and after February 1, 1923, said companies shall receive a rate of fare not exceeding 5 cents per passenger, and six tickets shall be sold for 25 cents.

Mr. MCKELLAR. Mr. President, when we took a recess on yesterday afternoon the question before the Senate was a point of order raised by the Senator from Colorado [Mr. PHIPPS] against the amendment which I offered. Am I to understand that the Senator insists upon the point of order or is he willing to let the Senate vote on the amendment offered by me? It is clearly a limitation, and will the Senator withdraw the point of order and let the Senate vote on the amendment?

Mr. PHIPPS. I regret that I can not accede to the Senator's suggestion. On the other hand, I had hoped that the Senator would, after having considered the question further, see that his amendment is clearly inadmissible and withdraw it. I think it would be better procedure if he were to do that.

Mr. MCKELLAR. Quite the contrary, I have come to the conclusion that it is unquestionably a limitation upon an appropriation and so clearly in order that I thought the Senator from Colorado would withdraw his point of order, because I am quite sure the Chair will not sustain the point of order against an amendment so clearly a limitation upon an appropriation.

Mr. PHIPPS. I have made the point of order.

Mr. HARRISON. Does the Senator desire to argue the point of order?

Mr. PHIPPS. I at least desire to make a statement as to what I base it on. The amendment is not merely a limitation but it is clearly new legislation on an appropriation bill and general legislation.

Mr. HARRISON. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Mississippi?

Mr. MCKELLAR. I yield to the Senator.

Mr. HARRISON. The proviso is clearly in order if the rules of the Senate and the decisions of Presiding Officers are to be followed. It so happens in this particular case that the very point has been decided, and it was decided quite recently,

on a proposition advanced exactly as this is now proposed. The amendment was in exactly the same language against which the point of order was made and ruled upon. I take it the only thing necessary is to recall to the Presiding Officer that ruling, because it settles the proposition, it seems to me, unless we are going to have one decision one way one day and change it the next day.

On March 7, 1922, and I refer to page 3486 of the CONGRESSIONAL RECORD of that date, when the District of Columbia appropriation bill was being considered, I offered an amendment to an item carrying an appropriation for the various employees. The amendment was in the exact wording of the proposed amendment now offered. To the amendment which I then offered the Senator from Colorado [Mr. PHIPPS], who now makes the point of order, made a point of order. He said at that time in support of his point of order exactly what he has stated this morning in support of his present point of order. The colloquy which took place is not long, but it is so apropos that I wish to read it:

Mr. PHIPPS. Mr. President, I regret that I can not see my way clear to accept the amendment. I think it is clearly subject to a point of order, and it is my duty to make the point of order.

The PRESIDING OFFICER. What is the point of order?

Mr. PHIPPS. The point of order is that it is legislation on an appropriation bill.

Mr. HARRISON. Of course, Mr. President, it is purely a limitation upon the appropriations, and it does not change existing law.

The pending amendment is merely carrying out, I may say, a provision of the original charter which gave to these concerns the right to charge a 5-cent fare.

The PRESIDING OFFICER. The amendment proposed by the Senator from Mississippi is in the following language:

"Provided, That this appropriation shall not become available until the Public Utilities Commission shall have issued and made effective an order requiring the street railway companies operating in the District of Columbia to give transportation—"

And so forth.

Under the form in which the amendment is presented, the Chair—

Then the Senator from Washington [Mr. JONES] interrupted and said:

Mr. JONES of Washington. Will the Chair permit me to suggest that we have no rule in the Senate similar to that in the House permitting limitations upon appropriations? The House has an express rule, according to my recollection, making in order a limitation upon an appropriation, but the Senate has no such rule as that, and it seems to me this really is legislation on an appropriation bill.

I want to say that personally I am in favor of the proposition. I have been urging for quite a good while a reduction in the passenger rates on street cars in the District. I have thought that these companies have been charging exorbitant rates; but I would not like to see the principle established in the Senate that by a limitation on an appropriation we can nullify existing law, and that is what it would amount to. We nullify it for a year, we nullify it for two years, we nullify it for three years. I think it is very unfortunate that there is a rule of that kind in any legislative body.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. JONES of Washington. I yield.

I need pay no tribute to the ability of the Senator from Wisconsin [Mr. LENROOT] as a parliamentarian in this body—

Mr. LENROOT. I think the Senator is mistaken. There is no such rule in the House. The limitation rule applies upon general principles, that a limitation does not change existing law, that a limitation upon an appropriation is not either new or general legislation.

Mr. JONES of Washington. My recollection was that there was an express rule. I may be mistaken in that respect. I know it is the uniform practice.

Mr. LENROOT. Of course, there is the Holman law, so called, but that has no application.

The PRESIDING OFFICER. The Chair thinks it is competent for the Senate to limit the use of any appropriation that it authorizes—

Mr. WADSWORTH. Mr. President—

The PRESIDING OFFICER. The Chair will hear the Senator from New York.

Mr. WADSWORTH. I did not mean to interrupt the occupant of the chair. I wanted to ask a question before the Chair rules finally.

The PRESIDING OFFICER. The Chair will hear the Senator from New York.

The Senator from New York [Mr. WADSWORTH] then proceeded to discuss the amendment and the point of order. I may state in this connection that the Presiding Officer at that time was the Senator from Arkansas [Mr. ROBINSON], than whom there is no better parliamentarian in this body—

The PRESIDING OFFICER (Mr. ROBINSON). It is true that any limitation may have the practical effect of accomplishing legislation in advance. Under the rules of the Senate the present occupant of the chair thinks that it is competent for the Senate, in providing an appropriation, to limit its use, and that that limitation is accomplished by the specification of a condition under which the appropriation may be used just as well as otherwise.

Under the form in which the amendment is presented the Chair thinks that it is not general legislation in the sense of Rule XVI of the Senate and that it is not obnoxious to the rule, and therefore the Chair overrules the point of order. The question is on the amendment offered by the Senator from Mississippi.

Then the vote was taken upon the proposition and it was defeated.

There is a case absolutely in point. If the Senate is going to adopt the rule and practice of not abiding by a decision ren-

dered by a competent parliamentarian presiding over the Senate one day simply because some one else may be presiding the next day and a point of order may then be made by some other Senator, well and good; but I submit that clearly the practice should not be followed and that, in view of the decision to which I have called the attention of the Chair, the pending point of order should be overruled.

Mr. LODGE. Mr. President, I think as a general rule, of course, it is very desirable that decisions which serve as precedents should be sustained, but instances of overruling decisions in the Senate and, indeed, in other parliamentary bodies are sufficiently common. It seems to me that the defect in the pending amendment which makes it out of order is the fact that it does not limit an appropriation. I do not recall whether there is a rule in the House—I did not remember that there was—but I know it has been decided in the House that in making an appropriation, for example, for the building of a vessel under a naval appropriation bill it has been held that a limitation on the method of expending that appropriation was in order.

In this case the proposed amendment is not a limitation on the appropriation at all, but imposes a condition upon it, involving, as it seems to me, new legislation. It does not propose to direct how the sums appropriated for the Public Utilities Commission shall be expended, which I understand is the subject to which it is directed, but it provides that none of the money proposed to be appropriated shall be expended unless the Public Utilities Commission shall perform certain acts. That appears to me to be not strictly a limitation on the appropriation, but general legislation.

Mr. JONES of Washington. Mr. President, I should like to read from the Manual of Rules and Practice of the House of Representatives. My recollection of the proposed amendment is that it goes further than a mere limitation on the appropriation and endeavors to limit the discretion of executive officers as to some other proposition. Here is what I find in the House Manual of Rules and Practice:

Although the rule forbids on any general appropriation bill a provision "changing existing law," which is construed to mean legislation generally, the House's practice has established the principle that certain "limitations" may be admitted. It being established that the House under its rules may decline to appropriate for a purpose authorized by law, so it may by limitation prohibit the use of the money for part of the purpose while appropriating for the remainder of it (IV, 3936). The language of the limitation provides that no part of the appropriation under consideration shall be used for a certain designated purpose (IV, 3917-3926). And this designated purpose may reach the question of qualifications, for while it is not in order to legislate as to the qualifications of the recipients of an appropriation, the House may specify that no part of the appropriation shall go to recipients lacking certain qualifications (IV, 3942-3952).

But here is what I wish to call particularly to the attention of the Chair:

The limitation must apply solely to the money of the appropriation under consideration and may not be made applicable to money appropriated in other acts (IV, 3927, 3928). (Chairman CAMPBELL, June 12, 1919, p. 1063.) The limitation may not be applied directly to the official functions of executive officers (IV, 3957-3966), but it may restrict executive discretion so far as this may be done by a simple negative on the use of the appropriation (IV, 3968-3972; also rulings by Chairman FOSTER on the Indian appropriation bill, February 5, 1916, 1st sess. 64th Cong., p. 2161, and Chairman RAINEY on the Post Office appropriation bill, February 24, 1916, 1st sess. 64th Cong., p. 3094).

But such limitations must not give affirmative directions (IV, 3854-3859, 3975), and must not impose new duties upon an executive officer (Chairman CRISP, March 11, 1916, 1st sess. 64th Cong., p. 3970); and must not be coupled with legislation not directly instrumental in affecting a reduction. (Chairman SAUNDERS, February 18, 1918, p. 2280.)

It seems to me that when we attempt to limit the discretion of executive officers in this instance, providing that the money proposed to be appropriated shall not be used unless they take certain action with reference to street-car rates, and so on, it does not come even within the rule established by the practice of the other House.

Mr. LODGE. The Senator from Washington is quite right. This provision is in reference to a subject which is not involved in the appropriation at all.

Mr. JONES of Washington. We have a different rule. Our rule not only prohibits legislation of a general character upon appropriation bills but it prohibits new legislation. It seems to me that if the proposed legislation shall amount to anything, it is new legislation upon an appropriation bill. It may not be permanent; indeed, it is not permanent, as it only applies, of course, to the next fiscal year; but, if it is to be effective at all, it seems to me it would be legislation; and, if legislation, it is new legislation, and comes within the specific terms of our rule, which is different from the previous rule.

The VICE PRESIDENT. The Chair is inclined to follow the precedents which the Senate set no longer ago than last

March, upon which there was no appeal, and which evidently stands as the rule of the Senate. The Chair would, therefore, rule that the amendment is in order.

Mr. McKELLAR. Mr. President, I will now call attention to the reason why this amendment should be adopted. I shall first consider the Capital Traction Co., if Senators will listen to me for just a moment. That company is capitalized at \$12,000,000. I wish to refer to a statement which was published in the Washington Star of January 11, instant, from which it appears that the Capital Traction Co. paid a dividend on its capital stock of 7 per cent. It charged up to profit and loss \$1,354,587.24. According to this statement, its net earnings were in the neighborhood of 13 per cent. I wonder how the Public Utilities Commission could ever think that these earnings were confiscatory of the company's property. The commission claim that they have fixed the valuation of the company's property at \$18,000,000. Assuming that that was done, the dividend declared would be more than 8 per cent upon the entire amount of the entire value of the company's property.

I wish to say—and that is why I asked the Senator from Colorado [Mr. PHIPPS] to withdraw his point of order—that in the pending bill we are proposing to appropriate large sums of money, amounting to thousands of dollars, for free automobiles and their upkeep. We are granting free automobile transportation to those who are amply able to pay for their own transportation, and yet we permit the Public Utilities Commission to put a tax of \$1.50 upon every man or woman in the District of Columbia who has to go to and from his or her work on street cars. A tax of \$1.50 a month is placed upon each citizen who is unable to buy an automobile or who has not sufficient "pull" with the Government to have one allotted to him or her.

I wish to say to the Senate that there is no reason under heaven that I can see for Congress permitting this company longer to violate the contract which it made with the Government. It made a contract in good faith; it is demanding of the Government full compliance with the Government's part of the contract under its charter, and yet it is violating the agreement which it made with the Government to give 5-cent fares to the citizens of the District. Its action is indefensible; it can not be defended by anyone, and I doubt whether anyone will rise here to defend 8-cent fares in the light of the undisputed fact, namely, that this company is paying a 7 per cent dividend upon its capital stock and has carried to surplus almost as much more.

It is inconceivable to me that we would be willing to legislate in such a way as to permit that condition to continue.

Now, with reference to the other company, as we all know that company has kited its stock about, it has consolidated various companies. It has a capital of \$15,000,000, consisting of \$8,500,000 of preferred stock and \$6,500,000 of common stock. The company claims to have \$30,000,000 of assets. It declared a 5 per cent dividend upon the preferred stock only, but it put to profit-and-loss account \$414,818.31, or enough to have paid a 6 per cent dividend on its common stock, all of which, I am informed, is water, and now it claims to be entitled to earn, although having but \$8,500,000 of preferred stock and only \$6,500,000 of common stock, a 6 per cent return on \$30,000,000, which it sets up as a fair valuation of its property.

Is the Congress going to be a party to permitting this company to earn such dividends upon watered stock? I am reliably informed that every dollar of the \$6,500,000 of common stock is watered; that not a dollar was ever paid for it; and I understand that for a while it sold around Washington for a few cents on the dollar. In other words, it is stock used for control, as we understand that description; anyway, it is purely watered stock, and yet the Congress is asked to tax all the citizens of Washington who use the lines of the company at the rate of \$1.50 a month extra in order to make up dividends which are greater than other similar companies earn on actual money invested. Under these circumstances it seems to me that Congress should adopt the amendment.

Now, Mr. President, I wish to call attention to an article that appeared in the Washington Post of this morning entitled "Law bars 5-cent fare, critics in Senate told." I quote from the article as follows:

While the congressional charters of Washington street car companies provide a 5-cent fare, or six tickets for 25 cents, Congress by its own action in creating the District Public Utilities Commission gave that body rate-fixing powers, directing it to fix public-utility rates at a point that will yield a fair return on property value.

I digress here long enough to say that it was argued when the bill creating the Public Utilities Commission was under discussion that it would mean cheaper fares for the people of



Washington. They were not satisfied with a fare of six tickets for a quarter, but they wanted cheaper fares, and it was argued by those who favored the bill at that time that it would mean cheaper fares for the citizens of Washington.

What has been the result? A commission has been created which is virtually a part of the street car companies. The commission do not represent the people of Washington but they represent the street car companies, and have used their place for the purpose of boosting street car fares up to the present enormous proportions of 8 cents for cash fares or 6 tokens for 40 cents.

I continue to quote from the article:

This was the answer given yesterday by the District Commissioners to the charge of Senators McKELLAR and CARAWAY that the District Utilities Commission had decreed rates exceeding those fixed for street car fares in the charters granted by Congress to the companies.

Here is what they say to us now, "You passed a law giving us this power, and we have used the power for the benefit of the street car companies. What are you going to do about it?" They defy us; they say to us, "It is true that there is a contract between the Government and the street car companies fixing fares of 5 cents, or six tickets for a quarter, but the Congress itself gave us the power to increase fares, which we have exercised, and that is a bar to any interference with us at this time." They virtually tell us we have not the power to interfere with their actions in exploiting the people for the benefit of the street car companies.

I quote further from the statement of the commissioners:

Coupled with this statement was the declaration that the commissioners would willingly resign and leave to others the task of acting as the Public Utilities Commission of the District.

That is the best thing that I have heard in some time. Of course they ought to resign; these men have no business in that place; they owe it to themselves to resign; they owe it to the public to resign; they are being used, whether they know it or not, as tools of the street car companies. In making this statement I am saying it in an impersonal manner, for I do not know a single member of the Board of Commissioners personally and I do not even know the name of any member of the board, but I know what their acts have been, and I am judging them by their acts. Their acts have been to raise the street car fares inordinately in this city, and they ought to resign. I think they know that they ought to resign. Nobody had said anything about their resigning before, and yet when this matter is brought to the attention of the public the first thing they say is that they are willing to resign. Why, of course they should resign. Their resignations ought to be handed in at once, and the Congress, in order to make it absolutely certain, ought to abolish the commission.

Mr. DIAL. Mr. President—

Mr. McKELLAR. I yield to the Senator from South Carolina.

Mr. DIAL. I should like to ask the Senator, for information, when was the contract changed and how long was it in existence?

Mr. McKELLAR. This contract has been in existence in the case of one of the companies since 1900, and in the case of the other since about that time. I do not remember just exactly the date. It remained that way until 1913, when the Public Utilities Commission were given certain powers. They never exercised the power of changing rates at first, and then it was thought and then it was argued that they would lower the rates of fare, not increase them; but when the war came on they used this power during the war to increase the fares, and they are still increased. In the case of anyone going to his or her work every day, there is an additional charge which amounts to \$1.50 a month. It is a tax upon the plain people of this community that ought not to be longer tolerated.

Mr. DIAL. The Senator means \$1.50 over the original fare?

Mr. McKELLAR. One dollar and a half over the contract fare.

The commissioners added they would welcome any means whereby rates could be cut and a fair return still be assured.

What do they call a fair return? Is not 13 per cent a fair return on stock much of which is water? If they do not call that a fair return, I think the commission ought to be abolished for another reason which I will not express.

Mr. President, I am not going to take up further time about this matter. Every Senator understands it, I am sure. I certainly hope the Senate will adopt this amendment. It ought to be adopted in the interest of fairness, in the interest of justice, in the interest of fair play between the citizens of Washington. We ought not to permit these corporations to prey upon the people as the Public Utilities Commission now permits them to prey upon the people of Washington. It is entirely unjust. It is unconscionable. I am told that the

president of one of these companies draws \$18,000 a year salary. Some say it has recently been raised to \$30,000. If we are going to legislate just for the benefit of the rich and powerful, let us go ahead and let the Utilities Commission and the street car companies continue to prey upon the people; but it does seem to me that we might think occasionally of those who have to work daily for their bread and to whom \$1.50 a month amounts to a good deal in this life.

Mr. President, my amendment, which I hope will be adopted, is as follows:

*Provided*, That the appropriation in this section shall not become available until the Public Utilities Commission shall fix rates of fare for the street railway companies in the District of Columbia at rates not in excess of the rates of fare fixed in existing charters or contracts heretofore entered into between said companies and the Congress.

Mr. McKELLAR subsequently said: Mr. President, I ask unanimous consent to have inserted in the RECORD, as a part of my remarks, the reports of the two traction companies of the District of Columbia as published in the newspapers, to which reports I referred this morning.

The VICE PRESIDENT. Without objection, it is so ordered.

The reports referred to are as follows:

[Report of the condition of the traction company as published in the Washington Star January 11, 1923.]

CAPITAL TRACTION ELECTS OFFICERS—ANNUAL REPORT SHOWS PROFIT AND LOSS BALANCE OF \$264,981.39 OVER 1921.

The Capital Traction Co. at its annual stockholders' meeting to-day reelected its old board of directors to serve for the ensuing year. It is composed of George E. Hamilton, E. J. Stellwagen, John S. Larcombe, David S. Carl, Benjamin W. Guy, John M. Perry, and John H. Hanna. Organization followed immediately and the company's old officers were reelected and include George E. Hamilton, president; David S. Carl, vice president; John H. Hanna, vice president; Henry D. Crampton, secretary-treasurer; J. E. Heberle, assistant secretary; and C. B. Koontz, assistant treasurer.

A summary of operations for the year ending December 31, 1922, was read with the company's annual report, and showed a dropping off in total revenue from transportation of \$506,673.28 over the same period in 1921, there being a decrease in passenger revenue of \$506,583.28 and a loss in special-car service of \$90.

#### OPERATING REVENUE DROPS.

There was also a decrease in revenue from operation other than transportation of \$483.08 as compared with 1921, which, with revenue for same during 1922, made the total railway operating revenue \$4,994,043.99, or a total decrease over 1921 of \$507,156.36.

The company's operating expenses (62.979 per cent of gross revenue), which totaled \$3,167,211.14, also showed a decrease over 1921 of \$53,529.75, leaving net operating revenue of \$1,826,832.85, or a total decrease for same over 1921 of \$453,626.61.

Deduction of taxes assignable to railway operation of \$436,093.45, which was a decrease of \$137,426.19, showed the company's operating income to be \$1,390,739.45, or a decrease over 1921 of \$316,200.42.

The nonoperating income of the company for 1922 was \$34,906.34, which was an increase over 1921 of \$16,494.84, which left a gross income for 1922 of \$1,425,645.79, or a decrease over 1921 of \$299,705.58.

The company's net income for 1922 after total deductions from gross income had been made amounted to \$1,104,991.39, or a decrease over 1921 of \$308,711.89, the total deductions of \$320,654.40 being an increase over the same period in 1921 of \$7,003.31.

The company's profit and loss balance at the end of the year just closed was \$1,354,567.24, or an increase over 1921 of \$261,981.39.

#### SUMMARY OF OPERATIONS.

Following is the summary of operations in full for the year ending December 31, 1922:

	Deductions from gross incomes.	Amount of earnings, 1922.	Change over 1921.
Passenger revenue.....		\$4,966,341.12	<sup>1</sup> \$506,583.28
Special car revenue.....		20.00	<sup>1</sup> 90.00
Total revenue from transportation.....		4,966,361.12	<sup>1</sup> 506,673.28
Revenue from operation other than transportation.....		27,682.87	<sup>1</sup> 483.08
Railway operating revenue.....		4,994,043.99	<sup>1</sup> 507,156.36
Operating expenses (62.979 per cent of gross revenue).....		3,167,211.14	<sup>1</sup> 53,529.75
Net operating revenue.....		1,826,832.85	<sup>1</sup> 453,626.61
Taxes assignable to railway operation.....		436,093.40	<sup>1</sup> 137,426.19
Operating income.....		1,390,739.45	<sup>1</sup> 316,200.42
Nonoperating income.....		34,906.34	<sup>1</sup> 16,494.84
Gross income.....		1,425,645.79	<sup>1</sup> 299,705.58
Interest on funded debt.....	\$280,300.00		
Interest on unfunded debt.....	22,431.10		
Miscellaneous rents.....	1,304.78		
Rent for leased roads.....	12,604.86		
Miscellaneous debits.....	4,008.66		
Total deductions.....		320,654.40	<sup>1</sup> 7,003.31
Net income.....		1,104,991.39	<sup>1</sup> 308,711.89

<sup>1</sup>Denotes decrease.

## PROFIT AND LOSS STATEMENT.

	Deductions from gross incomes.	Amount of earnings, 1922.	Change over 1921.
Credits:			
Balance beginning of year.....	\$1,089,585.85		
Net income for year.....	1,104,991.39	\$2,194,577.24	
Debits:			
Dividends.....	\$40,000.00		
Miscellaneous.....	10.00	\$40,010.00	
Credit balance at close of year.....		1,354,567.24	\$264,981.39

[Statement as to the earnings of the Washington Railway & Electric Co. as published in the Washington Star on January 20, 1923.]

## W. R. E. ORDERS 20 PAY-WITHIN CARS.

Thirty new cars of the most modern pay-within type have been ordered by the Washington Railway & Electric Co. for delivery early this year. William F. Ham, president, told the directors and stockholders in his annual report to-day. The company a few weeks ago ordered 10 more one-man cars, making a total of 40 that will be added to the company's rolling stock during 1923.

The president's report on the finances of the company shows a balance of \$414,818.31 credited to profit and loss from 1922 operations. Here is a summary of the financial statement:

Gross earnings from operation, \$5,022,966.84; miscellaneous income, including dividends from the Potomac Electric Power Co., \$690,226.39. These two figures added give gross income of \$5,713,193.23.

## \$4,109,059 OPERATING COSTS.

Operating expenses, including depreciation, taxes, and miscellaneous charges, \$4,109,059.80; interest on funded and unfunded debt, \$764,315.12; payment of 5 per cent dividend on preferred stock, \$425,000, making a total of \$5,298,374.92. The difference between these two totals gives the profit and loss balance of \$414,818.31.

Mr. Ham says the company expects to have a total of 70 one-man cars in operation this year and that they will result in annual saving of \$150,000 in operating expenses. He states that this, "in the final analysis, redounds to the benefit of the car rider, as reflected in the rate of fare."

The Potomac Electric Power Co., owned by the Washington Railway & Electric Co., continued to grow during 1922, taking on 8,889 new customers, making a total of 63,775. In 1901 the power company had only 2,953 users of electricity.

The output of the Benning power plant for the year was 251,979,077 kilowatt hours, an increase of 13,955,394 over the preceding 12 months. The Washington Railway & Electric Co. carried a total of 107,609,948 passengers during the year, of whom 24,893,192 were carried on transfers. This left 82,716,756 revenue passengers last year, as compared with 85,481,656 in 1921.

This was a falling off of 3.22 per cent compared with the preceding year. Mr. Ham says that while this was a serious falling off, it was to be expected as a result of the gradual reduction in the number of Government employees in Washington.

Discussing its venture into the motor-bus business during 1922 the president said:

"While we believe that busses can not in any way supplant service by street cars, there is, in our opinion, a considerable field of usefulness for the bus in conjunction with a street-car system." Mr. Ham told the directors that fully 55 per cent of all street-car accidents are collisions with automobiles, while less than 4 per cent of the year's accidents involved pedestrians. The company continued its safety contest to make its trainmen more efficient in keeping down accidents.

It was expected to-day that only one new man—Edwin Gruhl, of New York—would be elected to the board of directors for the ensuing year. He would succeed Harold B. Thorne, who is retiring from the board.

It also was expected that the present staff of officers would be reelected.

Mr. WADSWORTH. Mr. President, I have had no opportunity to learn anything of the merits or the demerits of the amendment offered by the Senator from Tennessee [Mr. McKELLAR]; so, therefore, I shall not indulge in any comment whatsoever about it. I know nothing about the rights or wrongs of the situation which he has described, except as I have heard him mention them this morning; but, Mr. President, if I may say so, I am very much disturbed at the situation which will result in the Senate in the future in connection with appropriation bills if amendments of this sort are deemed to be in order.

On a former occasion an amendment similar to this was offered by the Senator from Mississippi [Mr. HARRISON], and the then occupant of the Chair, the Senator from Arkansas [Mr. ROBINSON], held that it was in order on the ground that it was a limitation upon an appropriation. The Vice President this morning has held this amendment in order, following, as I understood him to say, the precedent set by the former ruling, from which no appeal had been taken.

Mr. President, in my judgment the matter far transcends in importance this amendment. The admission of an amendment of this kind will establish a policy and a custom and a set rule of the Senate which, in my humble judgment, will permit legislation upon appropriation bills without any limit whatsoever, for by merely resorting to the device of saying "The appropriation in this section shall not become available until a certain set of public officers do or perform a certain administrative

act," and asserting that that is a limitation upon appropriations, with which I can not agree, there is no limit to the amount of legislation which can be put upon an appropriation bill.

With the greatest respect, Mr. President, I contend that this amendment does not limit the appropriation. It places no restrictions or limitations upon the use of the money. It simply says that the money shall not be used at all until an act is performed in accordance with the will of Congress; and when Congress imposes its will or seeks to impose its will upon administrative officers in directing them to do a certain thing it is legislating. This is legislation. We are in effect directing the Public Utilities Commissioners to regulate the street-car fares of the District of Columbia. We are not directing them to use this money in a certain way. We are not restricting them in the use of the money in any way whatsoever. We are simply saying to them, "You shall not have this money unless you follow out our legislative mandate." That is legislation, Mr. President.

If amendments of this kind are in order on all kinds of appropriation bills, we will find ourselves constantly confronted with situations like this, in which an amendment may be offered, we will say, to the naval appropriation bill to the effect that the moneys sought to be appropriated for the office of the Secretary of the Navy shall not be available until the Secretary of the Navy retires naval officers at a higher pay, or a lower pay, or at no pay at all; and it will be contended, if this thing stands to-day, that that is a limitation upon the appropriation for the Navy Department. My contention is that that, just as this, is not a limitation upon the use of the appropriations but is legislation, pure and simple. It will be in order hereafter, when the Army appropriation bill is before the Senate, for an amendment to be offered and to be considered and voted on to the effect that none of the money appropriated for the Quartermaster Corps shall become available until the quartermaster doubles or halves the amount of rations supplied to troops. It is exactly the same principle that is involved in this amendment. There will be no limit to the legislation that can be put through and attached to appropriation bills; and it is with the greatest respect, Mr. President, that I call up this matter at this time.

The VICE PRESIDENT. The Chair supposes the Senator is familiar with the fact that exactly this principle has been applied to the naval bill, and it was ruled in order.

Mr. SMOOT. Mr. President, there was no appeal at that time; and that is the danger of a decision of the Chair when the question involved does not seem to amount to anything. I think, as the Senator from New York has well stated, that this is the most dangerous thing that can possibly occur in the passage of appropriation bills for the future, if the point of order is sustained.

Mr. WADSWORTH. Mr. President, I had not concluded. May I call the President's attention to the last sentence of this amendment, which reads as follows:

And, on and after February 1, 1923, said companies shall receive a rate of fare not exceeding 5 cents per passenger, and six tickets shall be sold for 25 cents.

That has nothing to do with limiting an appropriation. That is legislation—nothing but legislation.

Mr. McKELLAR. That is existing law.

Mr. WADSWORTH. If it is existing law, why repeat it in an amendment? But, aside from that, Mr. President, the body of this amendment has no effect whatsoever except in the way of legislating.

I am well aware, as the Vice President has said, that a precedent has already been set. I knew of one occasion, the occasion which I have referred to, and the Vice President has reminded me of another occasion, which I understand occurred in connection with the naval appropriation bill. I believe the precedents are bad and dangerous; for, as I said a moment ago, there can be no limit whatsoever hereafter on the amount of legislation which can be attached to appropriation bills upon the floor of the Senate if a rule of this kind is finally determined to be the rule of the Senate.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. WADSWORTH. I yield.

Mr. LENROOT. The Senator from Tennessee said that the last part of this amendment was existing law. That clearly is not so—

Mr. WADSWORTH. I do not see how it could be.

Mr. LENROOT. Because existing law does not require a 5-cent fare.

Mr. McKELLAR. Oh, yes; it does.

Mr. LENROOT. No; the Senator is mistaken there.

Mr. McKELLAR. There is an act of Congress with reference to it.



Mr. LENROOT. Oh, but discretion is vested in the Utilities Commission to change that rate of fare; and when changed it becomes law, as much as if directly enacted by Congress.

Mr. HARRISON. Mr. President, may I ask the Senator whether he is arguing the merits of the proposition now? I thought a ruling had been made.

Mr. WADSWORTH. Not the merits of the amendment at all; I am arguing the merits of the ruling.

Mr. HARRISON. The Senator has a right to appeal from the ruling of the Chair.

Mr. WADSWORTH. I am going to, if the Senator will give me an opportunity. Mr. President, it is with the greatest respect to you, sir, that I appeal from the decision of the Chair.

The VICE PRESIDENT. The question is, Shall the ruling of the Chair stand as the judgment of the Senate?

Mr. WILLIAMS. Mr. President, I think Senators are apt, in the too close contemplation of the niceties of the law, to lose contemplation of the soul of the law itself. It is a very precious memory for me that all the immunities amongst these English-speaking people of the world have been attained by legislating upon appropriation bills, and by saying to kings and to lords: "When we grant you supplies, we grant you them upon condition that you use them as we say, and not otherwise."

I am not arguing from that that our special rules are not to a certain extent in conflict with that old principle; but I want Senators to remember that there never would have been any parliamentary and political and financial liberty amongst English-speaking peoples except from the use of the power of the purse by the legislative bodies of all countries, and therefore, Mr. President—and this is the point, and the only point, I want to make—that any rule of either body interfering with that principle ought to be strictly construed, and wherever there be a doubt in the mind of the Presiding Officer it ought to be decided in favor of the fundamental principle, and not in favor of the extension or too strict exercise of the power granted under the rule itself.

I would not like to see the day come when we could not do about what the Senator from New York referred to a moment ago, in an antagonistic spirit, put a limitation upon the use of money by a board possessing discretionary power. We give this commission the discretionary power. We have, therefore, a right to interfere now and then, to modify, limit, or qualify, and notwithstanding the fact that there may be a technical rule which might, by its very strict enforcement, interfere with that, that rule ought not to be invoked except for the purpose of maintaining some human or natural right.

The great soul of it all, behind it all, is the right of a legislative body, following in the footsteps of the House of Commons, and of all of our colonial assemblies when we were fighting taxation from abroad, to couple every general supply for the Government with a condition, so that the legislative body could control the servants of the country, the members of the executive in subordinate positions. So I would ask, while Senators are calling attention to the danger of too lax enforcement of these rules, that they should remember the danger to human liberty itself from the too strict enforcement of these rules.

As far as I myself am concerned, I never voted for a rule to deprive the legislative branch of the Government of the power to put new legislation on appropriation bills. I confess the rules that there adopted, however, do do that, but I do not believe they were wise when they were adopted, and I do not believe the too strict enforcement of them is ever advisable.

In the House this argument could not be made very well, but I believe it has become a maxim in the Senate that when the Senate votes upon an appeal from a decision of the Chair, it is voting not so much upon strict parliamentary law, as upon its idea of what ought to happen in the particular case presented before them for consideration and determination.

I hope that Senators will not forget the very soul of the Government, and make a petty rule of the Senate at any time superior to a fundamental principle whereby in the past all progress of liberty has been made, and whereon in the future to a larger extent than Senators may think now, the hope of further progress is based.

Mr. McKELLAR. Mr. President, I believe I have the right to perfect my amendment, and I therefore ask permission to strike out all of line 6 after the word "Congress," and all of lines 7, 8, and 9, thereby perfecting the amendment.

Mr. ASHURST. Of course, the Senator has that right.

The VICE PRESIDENT. After having been considered and a decision upon a point of order, the amendment can only be modified by the mover by unanimous consent.

Mr. McKELLAR. I ask unanimous consent that I may perfect my amendment in that way.

The VICE PRESIDENT. Is there objection?

Mr. SMOOT. I would like to have the change in the amendment stated.

Mr. McKELLAR. It is simply to strike out everything after the word "Congress," in line 6.

The VICE PRESIDENT. The secretary will state the modification of the amendment proposed by the Senator from Tennessee.

The ASSISTANT SECRETARY. It is to strike from the proposed amendment the following words: "And on and after February 1, 1923, said companies shall receive a rate of fare not exceeding 5 cents per passenger, and six tickets shall be sold for 25 cents," so as to make the proviso read:

*Provided*, That the appropriation in this section shall not become available until the Public Utilities Commission shall fix rates of fare for the street railway companies in the District of Columbia at rates not in excess of the rates of fare fixed in existing charters or contracts heretofore entered into between said companies and the Congress.

Mr. ASHURST. Mr. President, I first discuss the ruling of the Chair, which, in my judgment, is correct. I do not recall, in my experience here, ever having seen two situations more completely on all fours, as lawyers say, than those presented by the precedent just cited and the recent ruling of the Chair. Indeed, so completely on all fours are they that the Senator who made the point of order when the precedent was set is the same Senator who makes the point of order now.

The able Senator from New York, for whose judgment on parliamentary questions I have respect, complains that no appeal was taken when the precedent was set. Did he expect that we who were in favor of the ruling should have appealed? If no appeal was then taken, the laches, the fault, the defect, and the delay is at the door of those who are now complaining of the ruling.

As to the merits of the amendment; this is the Federal city. We are here to make laws for the people of the United States. Lawmakers, department heads, bureau chiefs, copyists, stenographers, messengers, and others come here to do the work of a nation. They ask no special privilege; but it occurs to me that in the Federal city, whither we are sent to make laws for the people and to administer the departments of Government, we at least ought not to be exploited. In no other city in America are the plain people so exploited as they are here. They are charged exorbitant rates for gas, they are charged exorbitant rates for electric-light current, they are charged exorbitant rates for telephone service and high rates for street-car fares, whilst the long teeth of the rent profiteer puncture the flesh of even the poor clerks who come here to serve this Government.

In addition to that the people here are helpless, powerless, with no vote, no voice, in choosing those who set these rates. It is not fair, it is not decent, for us to sit here and permit such an exploitation of the people's servants as is carried on in this District.

Nay, more; not only are the people's servants exploited here in the matter of gas, electric-light, telephone, and street-car service, and rents, but if they walk the streets they are not safe, because, as was said the other day in this Chamber, no person is safe in the streets of Washington, but is constantly in peril of death or serious injury by a rapidly moving automobile.

I hope the amendment will be agreed to. From the figures submitted by the Senator from Tennessee, he claims that the net annual revenue of the stockholders is 7 per cent on their investment.

Mr. McKELLAR. The Capital Traction Co. paid 7 per cent dividends and have a remaining surplus of \$1,354,567. They could have paid 12 or 13 per cent.

Mr. ASHURST. Moreover, Mr. President, it will be remembered that on many of these street-car lines no transfers are granted. The poor employees of the Government are the ones who must pay high rates. Most Senators have their own automobiles. They do not worry about the \$1.50 a month excess fare which 8 cents per transit means to the clerk. We should require transfers on all lines and should condemn and sell the auto of the reckless driver who runs down persons on the street. There is a psychology about the driver of cars. Many speed-mad persons while driving cars are seized with the idea that pedestrians have no rights. The speed-mad man will risk his family, but he will never risk his car. If when he runs some one down his car were sold at public auction, he will run down no more people, because the ordinary speed-bug maniac would risk the life of his wife before he would risk his car.

I have just been advised that the debate on this bill must stop within five minutes. I feel, therefore, that I ought to yield the floor to some one who might want to make some reply, and if there can be a reply to the remarks I have made I would like to hear it. I yield the floor.

Mr. LENROOT. Mr. President, with reference to the amendment as now modified, I think it might be admitted that technically, according to the precedents, it is a limitation; but the letter killeth and the spirit maketh alive. What is the natural, the conclusive construction of it? The Public Utilities Commission is now vested by law with discretion to do certain things, among them to fix rates, not at their own will, not at their own absolute discretion, but according to rules of law.

The amendment proposes that the salaries of the members of that commission, which are a liability against the Government, which must be paid by the Government, shall not be paid unless the commission does certain things which, if it is conscientious in the performance of duty, it may find it has no power to do at all. It presents a very different question from that raised where general discretion lies in some administrative officer of the Government to use an appropriation for this purpose or that purpose or the other purpose, where a limitation is put in to the effect that the appropriation shall not be used for such and such purpose unless something is done that the officer has discretion, under the law, to do. In this case the commission has no such discretion. It is governed by the law, and this is an expression to the commission to this effect, "You must not observe the rules of law. We will not pay your salaries if you do." In effect it is not only a repeal of existing law but clearly is legislation, attempting to deny to the commission, under the penalty of having the salaries of the members withheld, the right to perform its duties under the law.

The VICE PRESIDENT. Is there objection to modifying the amendment? The Chair hears none.

Mr. ASHURST. Mr. President, I move to lay the appeal from the decision of the Chair on the table.

Mr. SMOOT. Let us have a direct vote on the appeal. Why not vote directly on it now?

Mr. ASHURST. Very well; I withdraw my motion.

The VICE PRESIDENT. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. HARRISON and Mr. CARAWAY called for the yeas and nays, and they were ordered.

The reading clerk proceeded to call the roll.

Mr. HARRISON (when his name was called). I transfer my general pair with the junior Senator from West Virginia [Mr. ELKINS] to the senior Senator from Missouri [Mr. REED] and vote "yea."

Mr. KELLOGG (when his name was called). I transfer my general pair with the senior Senator from North Carolina [Mr. SIMMONS] to the junior Senator from Vermont [Mr. PAGE] and vote "nay."

Mr. LODGE (when his name was called). I transfer my pair with the senior Senator from Alabama [Mr. UNDERWOOD] to the senior Senator from Connecticut [Mr. BRANDEGEE] and vote "nay."

Mr. MCKELLAR (when Mr. OVERMAN's name was called). The junior Senator from North Carolina [Mr. OVERMAN] is detained from the Senate by illness. He is paired with the Senator from Wyoming [Mr. WARREN].

Mr. WARREN (when his name was called). I transfer my pair with the junior Senator from North Carolina [Mr. OVERMAN] to the senior Senator from Maryland [Mr. FRANCE] and vote "nay."

The roll call was concluded.

Mr. ERNST (after having voted in the negative). I transfer my pair with the senior Senator from Kentucky [Mr. STANLEY] to the junior Senator from Missouri [Mr. SPENCER] and allow my vote to stand.

Mr. WILLIS (after having voted in the negative). Has the senior Senator from Ohio [Mr. POMERENE] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. WILLIS. I am paired with the senior Senator from Ohio. I transfer that pair to the junior Senator from Maryland [Mr. WELLER] and allow my vote to stand.

Mr. CURTIS. I was requested to announce the following general pairs:

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN]; and

The Senator from New Hampshire [Mr. MOSES] with the Senator from Louisiana [Mr. BROUSSARD].

The result was announced—yeas 32, nays 36, as follows:

## YEAS—32.

Ashurst	Fletcher	Jones, N. Mex.	Ransdell
Bayard	George	Kendrick	Sheppard
Borah	Gerry	King	Shields
Brookhart	Glass	Ladd	Smith
Capper	Harris	La Follette	Swanson
Caraway	Harrison	McKellar	Trammell
Culberson	Hefflin	Norbeck	Walsh, Mont.
Dial	Johnson	Norris	Williams

## NAYS—36.

Ball	Hale	McKinley	Poin Dexter
Calder	Harrelld	McLean	Reed, Pa.
Cameron	Jones, Wash.	McNary	Smoot
Colt	Kellogg	Nelson	Stanfield
Curtis	Keyes	New	Sterling
Dillingham	Lenroot	Nicholson	Wadsworth
Ernst	Lodge	Oddie	Warren
Fernald	McCormick	Pepper	Watson
Frelinghuysen	McCumber	Philpps	Willis

## NOT VOTING—28.

Brandeggee	France	Page	Spencer
Broussard	Gooding	Pittman	Stanley
Bursum	Hitchcock	Pomerene	Sutherland
Couzens	Moses	Reed, Mo.	Townsend
Cummins	Myers	Robinson	Underwood
Edge	Overman	Shortridge	Walsh, Mass.
Elkins	Owen	Simmons	Weller

The VICE PRESIDENT. The decision of the Chair is overruled, and the Senate holds the amendment of the Senator from Tennessee [Mr. MCKELLAR] not to be in order.

Mr. HEFLIN. Mr. President—

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. HEFLIN. To discuss the bill and comment upon the vote just taken.

The VICE PRESIDENT. All debate ceased at 1 o'clock.

Mr. HEFLIN. That is a new proposition to me.

The VICE PRESIDENT. The Chair will read the unanimous-consent agreement entered into yesterday:

It is agreed, by unanimous consent, that when the Senate concludes its business to-day it will take a recess until 12 o'clock meridian, calendar day of Thursday, January 25, 1923, and that at not later than 1 o'clock p. m. on said calendar day all debate shall cease on the bill H. R. 13660 and all amendments offered thereto.

There is an amendment pending offered by the Senator from Colorado [Mr. PHELPS], on which the Senate has acted only in part. The Secretary will report the remainder of the amendment.

The ASSISTANT SECRETARY. The amendment was divided. It had reference to the Klinge Valley Park, the Piney Branch Valley Park, and what is known as the Patterson tract. The Senate voted upon the Klinge Valley Park purchase and the Piney Branch Valley Park purchase and agreed thereto. Upon the remaining portion, that proposing to purchase the Patterson tract, there has been no vote.

The VICE PRESIDENT. The question is on agreeing to the remainder of the amendment.

The amendment was agreed to.

The VICE PRESIDENT. All parts of the amendment having been agreed to, there is no further question on it.

Mr. KING. Mr. President, the Senator from Kansas [Mr. CURTIS] offered an amendment. He has been called from the Chamber. In his absence I ask the Secretary to report the amendment.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 53, strike out lines 1 and 2, in the following words:

For the purchase of land for school purposes adjacent to the Langley Junior High School, \$215,000.

And insert in lieu thereof the following:

For beginning the construction of a new McKinley Manual Training School on land now owned by the District of Columbia adjacent to the Macfarland Junior High School, \$215,000, and the limit of cost of said McKinley Manual Training School is hereby fixed at \$1,500,000.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

The ASSISTANT SECRETARY. A number of amendments were passed over relating to motor vehicles, offered by the Senator from Tennessee [Mr. MCKELLAR].

Mr. MCKELLAR. Mr. President, I move to amend the bill on pages 17 and 18 by striking out the following words:

For purchase of two new automobiles for use of the various departments of the government of the District of Columbia, and for the exchange of such automobiles now owned by the District of Columbia as, in the judgment of the commissioners of said District, have or shall become unserviceable, \$4,000.

The VICE PRESIDENT. Under the agreement, the committee amendments are first to be considered. The Secretary



will state in their order the committee amendments which have been passed over.

The ASSISTANT SECRETARY. The first committee amendment passed over is on page 33, where it is proposed to insert, in line 20, after the word "vehicles," the words "or motor vehicles," and on the same page, line 23, after the word "vehicles," to insert "\$26 per month for an automobile and \$13 per month for a motor cycle."

Mr. PHIPPS. Mr. President, according to my recollection, it was agreed that the amendments of the committee relating to automobiles and motor cycles in various places in the bill should be treated as a whole and considered en bloc.

Mr. McKELLAR. That is correct.

Mr. PHIPPS. As I understand, the question would come on the adoption of the committee amendment striking out certain language of the House text found on pages 16 and 17 of the bill.

However, Mr. President, I understand that, under the unanimous-consent agreement, debate is not in order. I had overlooked that for the moment. I was merely endeavoring to explain the situation.

Mr. McKELLAR. I think the Senator has a perfect right, under the unanimous-consent agreement, to say what he has said.

The VICE PRESIDENT. The question is on agreeing to the several amendments reported by the committee relating to motor vehicles, which have been passed over and which will be voted on en bloc.

Mr. McKELLAR. I ask for the yeas and nays.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. ERNST (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. HARRISON (when his name was called). Making the same announcement as on the preceding vote concerning my pair and its transfer, I vote "nay."

Mr. KELLOGG (when his name was called). Making the same announcement as to my pair and transfer as on the preceding vote, I vote "yea."

Mr. WILLIS (when his name was called). I am paired with my colleague, the senior Senator from Ohio [Mr. POMERENE], who is absent on account of illness. I transfer that pair to the junior Senator from Maryland [Mr. WELLER] and vote "yea."

The roll call was concluded.

Mr. LODGE. Making the same announcement as to my pair and its transfer as on the preceding vote, I vote "yea."

Mr. FERNALD (after having voted in the affirmative). I inquire if the Senator from New Mexico [Mr. JONES] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. FERNALD. I have a pair with that Senator, which I transfer to the Senator from Michigan [Mr. TOWNSEND] and let my vote stand.

Mr. CURTIS. I desire to announce the following pairs:

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN];

The Senator from West Virginia [Mr. SUTHERLAND] with the Senator from Arkansas [Mr. ROBINSON]; and

The Senator from New Hampshire [Mr. MOSES] with the Senator from Louisiana [Mr. BROUSSARD].

The result was announced—yeas 41, nays 20, as follows:

#### YEAS—41.

Ball	Hale	McKinley
Bursum	Harrell	McLean
Calder	Johnson	McNary
Cameron	Jones, Wash.	New
Capper	Kellogg	Nicholson
Curtis	Keyes	Norbeck
Dillingham	Ladd	Oddie
Ernst	Lenroot	Pepper
Fernald	Lodge	Phelps
Frelinghuysen	McCormick	Poinexter
Glass	McCumber	Reed, Pa.

#### NAYS—20.

Ashurst	Dial	Hefflin	Smith
Bayard	Fletcher	Hitchcock	Swanson
Brookhart	George	King	Trammell
Caraway	Gerry	McKellar	Walsh, Mont.
Culberson	Harrison	Ransdell	Williams

#### NOT VOTING—35.

Borah	Gooding	Overman	Spencer
Brandagee	Harris	Owen	Stanley
Broussard	Jones, N. Mex.	Page	Sutherland
Colt	Kendrick	Pittman	Townsend
Couzens	La Follette	Pomerene	Underwood
Cummins	Moses	Reed, Mo.	Wadsworth
Edge	Myers	Robinson	Walsh, Mass.
Elkins	Nelson	Shortridge	Weller
France	Norris	Simmons	

So the amendments reported by the committee which had been passed over were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### INVESTIGATION OF MEMBERSHIP IN FEDERAL RESERVE SYSTEM.

Mr. McLEAN. I ask unanimous consent to present a concurrent resolution and that it be read and lie upon the table.

The VICE PRESIDENT. The resolution will be read.

The resolution (S. Con. Res. 33) was read, as follows:

Whereas the Federal reserve system was established by the Congress for the benefit of all sections of the country and of all agricultural as well as commercial and industrial interests; and

Whereas it appears from the last annual report of the Federal Reserve Board that 9,640 State banks and trust companies, constituting over 85 per cent of the eligible State banks and trust companies in the United States, have failed to become members of the Federal reserve system.

Resolved by the Senate (the House of Representatives concurring), That a joint committee be appointed, to consist of three Members of the Senate, to be appointed by the President thereof, and three Members of the House of Representatives, to be appointed by the Speaker thereof. Vacancies occurring in the membership of the committee shall be filled in the same manner as the original appointment.

2. That said joint committee be authorized to inquire into the effect of the present limited membership of State banks and trust companies in the Federal reserve system upon financial conditions in the agricultural sections of the United States, the reasons which actuate eligible State banks and trust companies in failing to become members of the Federal reserve system, what administrative measures have been taken and are being taken to increase such membership, and whether or not any change should be made in existing law or in rules and regulations of the Federal Reserve Board or in methods of administration to bring about in the agricultural districts a larger membership of such banks or trust companies in the Federal reserve system.

3. That said committee be authorized to sit at any time during the sessions or recesses of the Congress and conduct its hearings at Washington or at any other place in the United States, to send for persons, books, and papers, to administer oaths, and to employ experts deemed necessary by such committee, a clerk and a stenographer to report such hearings as may be had in connection with any subject which may be before said committee, such stenographer's service to be rendered at a cost not exceeding \$1.25 per printed page; the expenses involved in carrying out this resolution to be paid in equal parts out of the contingent funds of the Senate and House of Representatives.

4. The committee shall from time to time report to both the Senate and House of Representatives the results of its inquiries, together with its recommendations, and may prepare and submit bills or resolutions embodying such recommendations, and the final report of said committee shall be submitted not later than January 31, 1924.

Mr. WARREN. I understand it is desired to have the concurrent resolution lie on the table.

Mr. HEFLIN. What was the request of the Senator from Connecticut regarding this resolution?

Mr. McLEAN. That it be printed and lie on the table.

The VICE PRESIDENT. That order will be made.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhues, its enrolling clerk, announced that the House had passed without amendment the bill (S. 4309) to amend an act entitled "An act to amend an act entitled 'An act to provide a government for the Territory of Hawaii,' approved April 30, 1900, as amended, to establish an Hawaiian homes commission, granting certain powers to the board of harbor commissioners of the Territory of Hawaii, and for other purposes," approved July 9, 1921.

The message also announced that the House insisted upon its disagreement to the amendments of the Senate numbered 7, 12, and 13 to the bill (H. R. 13593) making appropriations for the Post Office Department for the fiscal year ending June 30, 1924, and for other purposes, agreed to the further conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SLEMP, Mr. MADDEN, Mr. OGDEN, Mr. TAYLOR of Colorado, and Mr. CARTER were appointed managers on the part of the House at the conference.

#### ENROLLED JOINT RESOLUTION SIGNED.

The message further announced that the Speaker of the House had signed the enrolled joint resolution (S. J. Res. 247) authorizing the appropriation of funds for the maintenance of public order and the protection of life and property during the convention of the Imperial Council of the Mystic Shrine in the District of Columbia June 5, 6, and 7, 1923, and for other purposes, and it was thereupon signed by the Vice President.

#### INVESTIGATION OF GREAT LAKES-GULF OF MEXICO WATERWAY.

Mr. McCORMICK. I ask unanimous consent for the present consideration of Senate Resolution 411, proposing to create a committee to investigate and report upon the problem for a 9-foot channel in the waterway from the Great Lakes to the Gulf of Mexico.

There being no objection, the resolution was considered by unanimous consent and agreed to, as follows:

Resolved, That the President of the Senate appoint a committee to consist of five Members of the Senate, three from the majority party

and two from the minority party, to investigate the problem of a 9-foot channel in the waterway from the Great Lakes to the Gulf of Mexico. The committee shall make a final report of its investigations with recommendations to the Senate not later than May 1, 1924. For the purposes of this resolution the committee is authorized to sit and act at such times during the sessions or recesses of the Sixty-seventh and Sixty-eighth Congresses and in such places within the United States, to hold such hearings, and to employ a stenographer and such other assistance as may be necessary. The cost of stenographic service to report such hearings shall not be in excess of 25 cents per hundred words. The committee is further authorized to send for persons, books, and papers, to administer oaths, and to take testimony. The expenses of the committee shall be paid from the contingent fund of the Senate.

#### THE MERCHANT MARINE.

Mr. JONES of Washington. I ask that the unfinished business may be laid before the Senate.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

Mr. JONES of Washington. Mr. President, I ask that the unanimous-consent proposal that I had read to the Senate yesterday may be laid before the Senate.

The VICE PRESIDENT. The Secretary will read the unanimous-consent proposal.

Mr. HEFLIN. Mr. President, I should like to have the Senator yield to me about five minutes before he does that.

Mr. JONES of Washington. I want to present this request first.

The Assistant Secretary read as follows:

The Senator from Washington asks unanimous consent that on and after the calendar day of Monday, January 29, 1923, no Senator shall speak more than once or longer than two hours upon the shipping bill, nor more than once or longer than 30 minutes upon any amendment offered thereto, and on and after the calendar day of Monday, the 5th day of February, 1923, unless the bill is already disposed of, no Senator shall speak more than once or longer than 30 minutes on the bill, nor more than once or longer than 10 minutes on any amendment that may be offered thereto.

The VICE PRESIDENT. The question is on entering into the unanimous-consent agreement.

Mr. HARRISON. Mr. President, may I ask the Senator a question? I did not catch just the terms of the proposal. Is it proposed to start Monday to limit debate?

Mr. JONES of Washington. To limit it to one speech of two hours on the bill and one speech of 30 minutes on each amendment; then, if the bill is not disposed of prior to February 5, that beginning on that date and thereafter the debate shall be limited to one speech of 30 minutes on the bill and one speech of 10 minutes on each amendment.

Mr. HARRISON. I have just heard it read for the first time. Does it provide that the bill shall be kept before the Senate all the time?

Mr. JONES of Washington. It does not.

Mr. HARRISON. Was it the intention of the Senator, if we could enter into that agreement, to keep it before the Senate all the time?

Mr. JONES of Washington. Not necessarily all the time, but as continuously as possible. Of course, if we had other business that we could take up by unanimous consent, it would be taken up.

Mr. HARRISON. Of course the Senator realizes that here are two very important appropriation bills, the legislative appropriation bill and the Army appropriation bill. I note in the case of the Army appropriation bill that an amendment has been proposed by the Senator from Nebraska [Mr. NORRIS] touching Muscle Shoals. Of course that will take up a great deal of time, because it is a very important question. It is a question that a great many of us think is just as important as the ship-subsidy proposition, so no doubt the Army bill will consume quite a good deal of time. The legislative appropriation bill will naturally take up some time, because there are some important items in it, and they should be considered, even though we should exert every opportunity to speed up and show haste, as no doubt we will. Then there is upon the calendar the agricultural credits bill, which has been before the Senate for some time, which the President has asked Congress to pass before we adjourn on the 4th of March. It is a bill that three or four groups of Senators, as well as committees, have had hearings upon for months, I may say for years, and it is recommended. It will take, no doubt, some time, because it ought to take time, it is such an important proposition. I should not be surprised if it would take at least a week, and we would have to show a great deal of speed if we should put the bill through in a week.

On yesterday the Senate Committee on Agriculture and Forestry reported out the so-called Norbeck bill, providing for credits to sell to foreign countries goods produced in this country. That amendment, of course, if it is offered to the agricultural credits bill will provoke a good deal of controversy. It

is a most important proposition. In my opinion it should be adopted. Others may disagree with me; but with all these bills that should be considered and passed by all means before we adjourn on the 4th of March, a little more than five weeks from now, it seems to me a little premature for the Senator at this time to want to limit debate on a ship-subsidy bill that we have hardly heard mentioned in five weeks. When they get ready to pass the ship-subsidy bill it would seem to me that there should be full consideration and full debate upon it, and it should be kept before the Senate.

I presume that the other side of the Chamber desires no extra session of Congress. The best way in the world to get an extra session of Congress is to delay these appropriation bills, and there is no disposition that I have seen on this side to delay any of them. On the contrary, we have tried to whip them through here, cooperating with the other side to do it. We intend to do it. We intend to do the same thing with the agricultural credits proposition; but it does seem that until we get those things out of the way the Senator should not prematurely ask for a unanimous-consent agreement to force through here a bill that has not yet been discussed in all its phases. The American people never would be satisfied with it.

Mr. JONES of Washington. Mr. President, there is nothing in this unanimous-consent agreement that would prevent ample discussion of the shipping bill. In two hours, I think, any Senator can state his views of the general principle involved, and then on every amendment proposed each Senator would have 30 minutes for debate. Of course what I want to do is to expedite the passage of the bills to which the Senator has referred. I should be perfectly willing to shorten the time of speeches on the shipping bill. That would hasten action upon all these measures that the Senator has suggested; but I present this proposal for unanimous consent. Of course one objection will prevent it.

The VICE PRESIDENT. Is there objection to entering into the proposed unanimous-consent agreement?

Mr. BROOKHART. Mr. President, I should like to ask the Senator from Washington about a suggestion I see in the morning paper with reference to this unanimous-consent agreement. It says:

This suggestion for a modified cloture, which could be obtained only by unanimous consent, was obviously yesterday's answer to the demand of the previous day of the United States Chamber of Commerce that the Senate bring this bill to a vote.

Mr. JONES of Washington. Mr. President, I will say frankly to the Senator that I had not read what the National Chamber of Commerce had requested. My relations with the National Chamber of Commerce of the United States are not of the most friendly character. I have criticized them very severely in some instances in the past, and I want to say that their request had absolutely nothing to do with this proposal. I submitted this proposal, or something like it, a few days ago; but whether it was presented in response to that or not would have nothing to do with the merits of it. I will say, however, that in this case if it had had any influence at all it would have influenced me against presenting it.

Mr. BROOKHART. Mr. President, I am glad to know that the United States Chamber of Commerce had no direct influence with the Senator, and I do not doubt his statement in the least, but believe every word of it; but, in order to make absolutely sure that the voice of the people of the United States, which decreed that this debate should end on the 4th of March, shall be effective, I shall object to this unanimous-consent agreement.

Mr. FLETCHER. Mr. President, I should like to suggest, in connection with the request for unanimous consent, that there are a number of Senators who have not yet had an opportunity to be heard on the ship-subsidy bill at all. It would be unfair to them to agree now that their time should be limited, and therefore I think the request of the Senator is premature. When we get to that bill again it may be in order.

#### RURAL-CREDIT FACILITIES.

Mr. LENROOT. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Senate bill 4287, Order of Business No. 979.

Mr. JONES of Washington. I ask unanimous consent that the unfinished business may be temporarily laid aside.

The VICE PRESIDENT. Is there objection? The Chair hears none. The Senator from Wisconsin asks unanimous consent for the present consideration of a bill, the title of which will be stated by the Secretary.

The ASSISTANT SECRETARY. A bill (S. 4287) to provide credit facilities for the agricultural and live-stock industries of the United States; to amend the Federal farm loan act; to amend the Federal reserve act; and for other purposes.



The VICE PRESIDENT. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Banking and Currency with an amendment.

Mr. LENROOT obtained the floor.

Mr. HEFLIN. Mr. President—

Mr. LENROOT. I yield to the Senator from Alabama.

#### FIVE-CENT STREET-CAR FARES IN THE DISTRICT OF COLUMBIA.

Mr. HEFLIN. Mr. President, a moment ago the amendment of the Senator from Tennessee [Mr. McKellar] was pending, which provided for 5-cent street-car fares in the city of Washington. The Senator from New York [Mr. Wadsworth] made a point of order against that amendment, and the Chair ruled that the amendment was in order, that the Senate had a right to vote upon the proposition as to whether or not the people of Washington who travel on these street cars should be relieved from the burden of an 8-cent fare. The Chair ruled properly upon that question; but the Senator from New York insisted that his point of order was good and appealed from the decision of the Chair, and the Republican Members of this body overturned the ruling of a Republican Vice President in order to deny the people of Washington and the people of the United States who come to Washington and travel on these street cars the right to enjoy a 5-cent fare.

The Democratic mayor of the city of New York conducted for quite a time a fight in favor of 5-cent fares. He finally succeeded, and now any citizen of the United States can go to the city of New York and ride all over it for 5 cents; but the Senator from New York and his colleague both voted here to deny the Senate the right even to vote upon the question as to whether or not the people in the District of Columbia shall enjoy a 5-cent fare.

I know that those who own stock in these street-car companies in the city of Washington have done what they could to keep the measure from coming to a vote, feeling that if it ever reached a vote in this body there would be enough fair-minded men in it to vote for 5-cent fares, and have used their influence no doubt to prevent a vote ever being reached, and the Senate has been denied the right to vote upon that question. The people of the District of Columbia, going to and from their work with snow and sleet upon the ground, many of them receiving a very meager wage, must pay 16 cents a day for car fare, and must continue to pay it, when the Senate stood ready this morning, I believe, upon a straight vote on the issue to give them a 5-cent fare and save to their slender purses 6 cents a day. That would amount to something to them, Mr. President. Many people have to travel on these cars many times a day. It means 8 cents every time they ride upon the car, if they pay straight fare. Poor children going to school, as my friend the junior Senator from South Carolina [Mr. Dial] suggests, must pay it.

I find, in looking over the roll call, that this amendment providing for 5-cent fares was defeated by lame-duck Senators. Six Senators who are going out voted to deny the people of the District of Columbia a 5-cent fare. The vote stood 32 to 36, and 6 who voted to deny the people of the District 5-cent fares were men who were defeated at the last election.

I do not believe such a motion would be defeated in any State in the Union, if you should go to the judgment bar of the people with this question, and ask them if they did not believe the people of the District of Columbia were entitled to ride for 5-cent fares, just as are the people of the city of New York entitled to ride for 5-cent fares. Both Senators from the State of New York voted to deny the people of the District of Columbia the privilege and opportunity of riding for 5-cent fares, when the people of the great metropolis of the East, the city of New York, enjoy the privilege of riding for 5-cent fares.

That reform up there in New York, however, was brought about under the leadership of the Democratic mayor of that city, which is another evidence of the fact that all measures which seek to do justice to the common man and woman, which look to the welfare of the masses of the people, which try to bring about conditions which are fair and just to them, are always inaugurated by Democrats. Any measure that seeks to protect the special interests is always supported by the dominant force of the Republican Party rallying to it and fighting for it. That is the plain truth and history of the situation involved here to-day.

I simply wanted to make that comment. The Vice President ruled correctly. The idea of saying to the Congress of the United States, when these corporations are gouging the people of the District of Columbia out of 8-cent fares every time they

ride upon the street cars, "You have that intolerable condition upon you, and you can not get it off." It is simply ridiculous.

Who created the law that permitted it? A Republican Congress, did it not? How are you going to get out from under? If Congress can not do it, who can do it? Are you going to say that nobody, unless these who, like leeches, suck the lifeblood of thousands of the poor traveling public in this District, consent to have it done? That is the meaning of the vote this morning turning down the Vice President's ruling.

I simply wanted the Record to show that somebody protested against that act, and that somebody on the Democratic side lifted his voice in support of the Senator from Tennessee and those who joined with him on this side to have that 5-cent fare amendment adopted. I want to mention this fact, that not a Republican in the Senate, I believe, voted for the 5-cent fare, except the progressive Republicans, who really belong in the Democratic Party.

#### RURAL CREDIT FACILITIES.

The Senate, as in the Committee of the Whole, resumed the consideration of the bill (S. 4287) to provide credit facilities for the agricultural and live-stock industries of the United States; to amend the Federal farm loan act; to amend the Federal reserve act; and for other purposes.

Mr. SWANSON. Mr. President, the pending measure is one introduced by the junior Senator from Wisconsin [Mr. Lenroot] regarding farm and rural credits. I am very anxious to hear him; I know many other Senators are very desirous of hearing the Senator deliver his able and clarifying address on this subject, and I make the point of no quorum, so that Senators may have an opportunity to hear the Senator on this very interesting question.

The PRESIDING OFFICER (Mr. Willis in the chair). The Senator from Virginia suggests the absence of a quorum, and the Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	George	Lodge	Robinson
Ball	Glass	McCormick	Sheppard
Bayard	Hale	McCumber	Shortridge
Borah	Harris	McKellar	Smith
Brookhart	Harrison	McKinley	Smoot
Calder	Hefflin	McLean	Stanfield
Cameron	Hitchcock	McNary	Sterling
Capper	Johnson	Nelson	Swanson
Caraway	Jones, Wash.	New	Wadsworth
Couzens	Kellogg	Norbeck	Walsh, Mont.
Culberson	Kendrick	Norris	Warren
Curtis	Keyes	Oddie	Watson
Dial	King	Pepper	Willis
Ernst	Ladd	Phipps	
Fletcher	La Follette	Poinsett	
Frelinghuysen	Lenroot	Ransdell	

Mr. SWANSON. I desire to state that the senior Senator from North Carolina [Mr. Simmons] is detained at his home in North Carolina on account of illness. I ask that this announcement may stand for the week.

The PRESIDING OFFICER. Sixty-one Senators having answered to their names, a quorum is present.

Mr. LENROOT. I ask unanimous consent that the formal reading of the bill be dispensed with.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

Mr. FLETCHER. Did the Senator's request include the consideration of the committee amendments first?

Mr. LENROOT. There is only one amendment, so I will not insist upon that.

Mr. FLETCHER. Very well.

Mr. LENROOT. Mr. President, before proceeding to a discussion of this bill, I want to say just one word with reference to the tirade of my friend from Alabama [Mr. Hefflin] upon the action of the majority this morning in voting that the amendment proposed by the Senator from Tennessee [Mr. McKellar] was not in order. The Senator from Alabama very truly said that if the amendment of the Senator from Tennessee had been adopted, it would have had the effect of legislating a 5-cent fare in the District of Columbia, if I correctly understood him. That was exactly the position the majority on this side took with reference to that amendment. My position with reference to it was that it was legislation, that it did seek to have Congress fix the rate of fare in the District of Columbia.

Mr. McKellar. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. Willis in the chair). Does the Senator from Wisconsin yield to the Senator from Tennessee?

Mr. LENROOT. Certainly.



Mr. McKELLAR. Am I to understand the Senator to say that he is not in favor of a 5-cent fare in the District of Columbia?

Mr. LENROOT. I am in favor of a 5-cent fare if a 5-cent fare can constitutionally be imposed in the District of Columbia, but the Senator from Tennessee does not know nor do I know whether that can be done.

Mr. President, the only point I wish to make is that the entire speech of the Senator from Alabama [Mr. HEFLIN] sustained the position taken by the majority, because we have a rule in this body that legislation can not be placed upon an appropriation bill. That is all I care to say with reference to it. The Senator from Alabama in his speech fully sustained, although he did not realize it, the position taken by the majority.

Mr. President, with reference now to the pending bill I desire, if I may, to make a general statement concerning it, without interruption. When I come to the details of the bill I shall be very glad to answer any questions that may be proposed.

A few days ago the Senate passed what is known as the Capper bill, a bill in some quarters at least which is very generally misunderstood as to its purpose and effect. I am afraid that in some quarters there has been a deliberate purpose to misrepresent the bill to the country. The Capper bill did not pretend and does not purport to afford for the agricultural interests of the country the credit facilities they are entitled to have.

It was recognized by the Senator who introduced the bill [Mr. CAPPER], it was recognized by the members of the committee, and I think it was recognized by every Member of the Senate that practically the only effect of the Capper bill would be to enable the large live-stock interests of the country to get better credit facilities through the organization of corporations with a minimum capital of \$250,000 under Federal supervision. The sole point of the measure was to create greater confidence in the private corporations by reason of Federal supervision—nothing more.

So far as the Middle West is concerned, so far as the South is concerned, it was not claimed that the average farmer of the country would be able to take advantage of the provisions of the Capper bill and form or secure the formation of the corporations which are permitted or provided for in that measure. And, yet, we find in some newspapers the claim that the Capper bill is all the credit legislation that the agricultural interests of the country need expect from Congress. Why, Mr. President, if I had thought that the Capper bill was the only agricultural legislation with reference to the subject of credits that was to be enacted at this session, I would have been very strongly disposed to oppose it, because there was only one interest, and that the largest live-stock interest in the country, that could be served by that bill, and because if discrimination is to be made those interests with large resources are better able to take care of themselves than is the average farmer.

Mr. STANFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Chair desires to remind the Senator from Oregon that the Senator from Wisconsin asked not to be interrupted.

Mr. LENROOT. I will stop for a question, yet I would like to repeat the request. I am aware that the Senator from Oregon took the position that the Capper bill would not even serve the interests I speak of.

Mr. STANFIELD. The Capper bill does not liberalize credits. It simply restricts credits to the idea of making them more accessible to bankers buying live-stock paper.

Mr. LENROOT. I am aware that is the position of the Senator from Oregon. The only point I wish to make in connection with the Capper bill is that it does not serve nor does it pretend to serve the needs of the average farmer of the United States. It will be helpful, I hope, to the large live-stock interests of the United States in the way of Federal supervision of the corporations.

Now, Mr. President, what is the need for any agricultural legislation affording greater facilities for credit to the farmers of the United States? There are two kinds of credit that we now have in the country, both of them available to a greater or less extent to the farmers. One is usually known as commercial credit, which is taken care of by the Federal reserve system and the State banks of the country. That credit is limited under our Federal reserve law, so far as members of the Federal reserve system are concerned, to three and six months' paper. We have our Federal land bank system, which provides for credit based upon real security, with long-time loans.

But there is a gap in between, running from six months to three years, as to which there is no credit facility at all, so far

as any governmental agency is concerned. That credit facility, a credit facility running from six months to three years, is just as necessary for the farmers of the country as is a three months' or six months' credit to the merchants and commercial interests of the country. The merchants or the commercial interests have their short-time credits based upon the probable turnover of their business, and that is what originally determined the length of the paper; but the turnover of the farmers can not be secured in six months; it can not, except so far as marketing is concerned, and that only to a limited degree, be secured in nine months, as is provided by an amendment to the Federal reserve act extending the eligibility of agricultural paper for discount from six months to nine months. The farmers' turnover runs anywhere from nine months to three years.

The farmer, if he borrows money, we will say, to prepare his crop, can not pay off that indebtedness until he receives the proceeds of that crop. That very rarely is less than nine months—yes, it is very rarely less than a year, and in the case of live stock and dairying it is very often as long as three years.

There is no such facility to-day for the farmer. If he goes to the bank and attempts to borrow money to plant his crop, the bank will give him a credit for not exceeding six months. The farmer in securing that credit takes the chance, because he does not know but before the end of that six months, before he has realized at all upon the proceeds of his crop, that the bank may call upon him to repay his loan and he will have nothing with which to pay it.

Now the farmers of the country do not seek to become objects of charity. They do not ask, as some bills provide, that the Federal Treasury shall be opened to an unlimited extent to furnish credit for them; but they do ask, and they have the right to ask, that they shall be treated as other business men are treated, and that the farming business of the country shall be treated as a business and be put upon a business basis. They ask, and they have the right to ask, that they have such credit facilities that where they are of the same financial responsibility, of the same industry and of the same character as a merchant, they shall be entitled to the same kind of credit that the merchant receives. That they do not have to-day, and that is what the pending bill is designed to secure for them.

Mr. President, the origin of the bill now before the Senate is familiar to most Senators. In June, 1921, a joint resolution was passed by both Houses creating what was known as the Joint Commission of Agricultural Inquiry, with certain directions to the commission, among them being an "investigation into the banking and financial resources and credits of the country, especially as affecting agricultural credits." The commission spent nearly a year in the investigation of practically every phase of the agricultural problem. On the commission there were from the Senate Messrs. CAPPER, McNARY, ROBINSON, HARRISON, and myself. From the House side there were Messrs. ANDERSON, OGDEN, MILLS, FUNK, of Illinois, SUMNER of Texas, and TEN EYCK, of New York.

The commission made a most thorough and comprehensive investigation. I doubt if there was ever conducted by any committee or commission of Congress a more thorough investigation of the subject of agriculture generally than was conducted by that commission.

The results of its investigation were embodied in four separate reports. One of them dealt solely with the question of credits. The report is available to every Senator, if he has not already had it. One of the principal recommendations of the commission was the creation of a system of intermediate credits, such as I have been describing. As a result of the investigation made by the commission there was recommended to both Houses of Congress the enactment of a law substantially such as contemplated by the bill now before the Senate. It was originally introduced by me something over a year ago in exactly the form recommended by the commission.

May I say in passing that I never knew a committee or a commission of Senators and Representatives to work harder or give more or closer attention to any matter than was given by the members of the commission to the subject under discussion. Mr. ANDERSON, the chairman, prepared a draft of a bill, and night after night we met and worked upon it. Messrs. ROBINSON and HARRISON, representing the Democratic side, were just as active as were Republicans. There was no partisanship in it. There was a sincere desire upon the part of every member of the commission to recommend something to the Congress of the United States that would be substantial in the way of relief to the farmers of the country and yet would stand every test of good, businesslike legislation.

As I said, I introduced the bill in the Senate and Mr. ANDERSON, chairman of the commission, introduced it in the House about a year ago. After the bill was introduced Chairman



ANDERSON and other members of the commission gave further study to the subject. After such study and many conferences, particularly with the Department of Agriculture, they proposed certain amendments, and last December I introduced in the Senate the original bill with the amendments which had been suggested to us.

Mr. President, as I said a moment ago, this bill has but one purpose, and that is to afford the farmers of the United States a credit facility not based upon charity, not based upon generosity, but a credit facility based upon sound business principles that will give the farmers of the country that intermediate credit running from six months to three years which they do not have to-day.

Mr. McCORMICK. Mr. President, will the Senator yield for a moment?

The PRESIDING OFFICER. The Chair desires to remind the Senator from Illinois that the Senator from Wisconsin requested not to be interrupted.

Mr. McCORMICK. I was called from the Chamber at the time the Senator made that request.

Mr. LENROOT. I yield to the Senator.

Mr. McCORMICK. I was merely going to ask if the Senator had pointed out during the time when I was absent from the Chamber why it is that private banks do not afford to farmers the intermediate credit to which he refers?

Mr. LENROOT. I have not done so, but I shall be very glad to do so. I had intended to discuss that matter when I came to a consideration of the details of the bill, but I shall be very glad to refer to it now. Private bankers do not now extend a credit of from six months to three years to farmers for just one reason. Sometimes we hear the banks severely criticized for not doing so, but in refusing to do it they are simply following plain business principles. Mr. President, the first duty of a bank is the protection of its depositors, and a bank is not going to extend long-term loans to its customers unless that bank knows that in case of stringency or emergency or the sudden call upon it for its deposits there is some avenue or some facility by which it may discount its paper and pay off its depositors. As I have said, in pursuing that system, we have no right to blame the banks for not extending credit for a longer term than six months.

In that connection I wish to say just a word with reference to what has been so often repeated upon the floor in debate upon the so-called Capper bill and in the Committee on Banking and Currency, of which I am not a member. It has been repeatedly stated that the farmers of the country have furnished 40 per cent of the deposits of the member banks of the Federal reserve system and that the implication therefore follows, or it is tried to have it follow, that because of that fact the farmers were entitled to 40 per cent of the total available credit. Mr. President, a farmer who deposits money in a bank is just as anxious for the protection of that deposit as is a merchant or anyone else. The farmer who deposits money in a bank is just as interested as any other depositor in having loans of that bank either liquid or of such character that should he want his deposit back he is going to be sure to get it. So, when an attempt is made to create a distinction between the farmers' deposits and other deposits, it is simply absurd. The interest of both classes of depositors is exactly the same in that connection.

In reference to the indorsements of this bill, Mr. President, I ask unanimous consent to append at the end of my remarks in full various indorsements to which I shall refer.

The PRESIDING OFFICER (Mr. STERLING in the chair). Without objection, it is so ordered.

Mr. LENROOT. I shall quote from some of those indorsements now. The first indorsement which I desire to place in the RECORD is that of the conference of the National Council of Farmers' Cooperative Marketing Associations, which was held here in the city of Washington last month, when they expressly indorsed all of the essential provisions of the bill. I shall read only one paragraph of their indorsement:

That a farm-credits department in the Federal land banks be set up in each of the land banks with a capital of \$5,000,000, making a total of \$60,000,000 capitalized, against which credits may be issued to the extent of approximately \$600,000,000; and that these farm-credits departments of the Federal farm banks be authorized to discount or purchase agricultural paper in a broad sense and to make loans or advance directly to cooperative marketing associations and agricultural cooperative credit organizations.

The conference at which that indorsement was made, Mr. President, represented more than 100,000 farmers who are members of cooperative agricultural associations.

I next wish to offer the resolution of the Texas and Southwestern Cattle Raisers' Association, expressly indorsing the provisions of this bill.

I am referring to these indorsements of the bill because, as I shall show later from the views of the minority of the committee, the claim is made that this bill is not supported or indorsed by certain organizations therein indicated. The first hearing had upon the bill which I introduced, which was Senate bill 3051, was held on March 10 last. At that time Mr. Atkeson, the legislative representative of the National Grange, appeared before the committee and used this language:

I have read every bill, I think, that has been introduced in Congress during all these years—

And, as Senators know, Mr. Atkeson has represented the National Grange here in Washington for many years—

and I read the enormous amount of data furnished by the commission that went to Europe, and I have been somewhat of a student of economics, especially with relation to agriculture; and I want to say for Senator LENROOT's bill that up to this time and down to this place it comes nearer meeting the requirements—the nearest to meeting requirements—than any bill that has ever been introduced in Congress.

Mr. President, in view of Mr. Atkeson's denomination of the bill as the "Lenroot bill," I again wish to say and to emphasize that the credit, if credit there be, for this bill is to be divided among many people.

Then Secretary of Agriculture Wallace appeared before the Committee on Banking and Currency and indorsed the bill. Secretary Hoover appeared before the committee and indorsed the bill. The Federal Reserve Board indorses the bill in this language:

The board has studied these bills—

Referring to the various agricultural credit bills—

very carefully and desires to express its approval of the general purpose of both of them—

Referring to the Capper bill and the pending bill.

Senator LENROOT's bill, S. 4103, appears to be a redraft of his earlier bill, S. 3051, the enactment of which was recommended in the report of the Joint Commission of Agricultural Inquiry, and which received the approval of the Federal Reserve Board in a letter addressed to you by Governor Harding, on behalf of the board, under date of January 26, 1922.

The Federal Farm Loan Board also indorses this bill, notwithstanding the statements of some to the contrary. They have only one suggestion to make with regard to it, and that suggestion does not at all affect the plan or scheme of the bill, but only the agency through which it shall be administered. I now read from the testimony of Judge Lobdell, of the Federal Farm Loan Board:

The Farm Loan Board feels that the Lenroot bill, speaking broadly, is well worked out and proposes a practical and workable plan of meeting this situation, reserving judgment on the wisdom of putting \$60,000,000 of Government money into the enterprise, which is again an academic problem.

The American Farm Bureau Federation, Mr. President, also indorses this bill, with the exception that they seek to set up an independent supervising agency in lieu of the Federal Farm Loan Board. That question I shall discuss later on when we come to consider the details of the bill.

Mr. President, what does the bill seek to do? Very briefly, the bill sets up in each of the 12 Federal land banks of the country a separate department of agricultural personal credits, each of the banks so set up having an initial capital of \$5,000,000, or a total of \$60,000,000, subscribed by the Government of the United States.

The bill provides further that in case any farm land bank shall find that the needs of agricultural credit in the territory served by that bank are greater than the capital so subscribed will afford, then, upon application of the Federal Farm Loan Board, approved by the President, an additional \$5,000,000 may be subscribed to that bank.

It is provided that the assets and liabilities of the farm-credit departments of the land banks shall be segregated and kept separate and apart from the assets and liabilities of the present farm land banks, so that the real estate side of the land banks as it now exists will have nothing to do, so far as assets and liabilities are concerned, with the credit side. Both are, however, to be managed by the same board of directors so long as the board continues as at present under temporary organization, but if the time shall come when the permanent organization shall be carried out as now provided by law, the bill provides that, in that event, the credit department of the bank shall be managed by the district directors; or, in other words, by directors appointed by the Federal Farm Loan Board, so that at all times the members of the farm-credit department of each bank will be under the direct control, management, and supervision of the Federal Farm Loan Board.

The reason for this is perfectly plain. If the existing law should be put into effect with reference to local control of the farm land banks by a majority control of directors elected by farm loan associations, it is plain to be seen that a majority

control would be had of the farm credits side of these banks by directors who have no interest or concern in the management of the farm credit side, because they represent the real estate loans only of the system. So we have very wisely provided, as I am sure all Senators will agree, that in the event of permanent organization the management of the farm credits side shall devolve upon the directors appointed by the Farm Loan Board.

It is then provided that each farm land bank shall have authority to issue its debentures and sell them to the general public to an amount not exceeding ten times the amount of the capital of the bank; that is to say, each land bank will be authorized to issue debentures to the extent of \$50,000,000, making an available capital and borrowing capacity for the purpose of meeting the credit needs of the farmer of \$55,000,000 for each bank, or \$660,000,000 in all.

It is provided that the rate of discount fixed by the Federal land banks shall never exceed by more than 1 per cent the rate that is fixed in the last preceding issue of debentures that are issued by it; and these debentures may, I say, be issued by the bank for a term not exceeding five years.

The bill provides that the money thus obtained may be used in discounting the notes or paper of banks, incorporated livestock companies, trust companies, rural credit corporations, savings institutions, cooperative banks, and so on, and to agricultural cooperative associations where the loan has been advanced for agricultural purposes by the institution seeking the discount.

It is provided that in no case shall the Federal land bank discount any paper that bears rate of interest in excess of 1½ per cent higher than the discount rate fixed by the land banks.

Then, Mr. President, it is provided, too, that each Federal land bank shall establish, as I have said, a rate of discount, and that rate can not exceed by more than 1 per cent the rate borne by the last preceding issue of debentures.

It is provided that while the credit department in each bank is separate from and has nothing to do with the other departments of the bank, and while each bank is separate in other respects from other land banks, the farm-credit department of each land bank shall be ultimately liable for all of like obligations of every other bank, which is the same in that respect as the liability of our present farm-loan banks upon real estate mortgages.

It is provided that so far as interest coupons are concerned, a bank shall be required to cash those coupons upon presentation if the issuing bank is in default. As to the principal of any debenture, it is provided that after the assets of the issuing bank have been exhausted, then in that case the assets of the other land banks, so far as the farm-credit side is concerned, shall be liable in the proportion named in the bill to take care of that; all this for the purpose of giving greater security and making these debentures more attractive to the general public.

May I say in this connection that what the commission and the committee had in mind with reference to these debentures was that they would prove an attractive security, that they would tap a reservoir of investment capital that would be very glad to enter into the field; but it can not be done and is not being done to-day because there is no opportunity to bring that kind of invested capital to the agricultural paper that is covered by the bill.

Mr. President, I am not attempting now to discuss the bill in detail. I am only attempting to give a very general outline of the bill. When we come to consider it section by section I shall expect, of course, to discuss the several provisions in greater detail.

I think I have covered the essential features of the scheme or plan of the bill.

It is provided that these debentures shall be exempt from taxation. I know that there is some objection to that. I think my own position upon the subject of tax-exempt securities is well known. I wish there were not a tax-exempt security in the United States. I shall cheerfully vote for a constitutional amendment on the subject, and I hope we may pass the joint resolution that passed the House two days ago amending the Constitution in that respect, so that tax-exempt securities will not be issued in the future; but so long as they do exist, and in view of the present need of the farmers of this country, this is not the time or place, it seems to me, for us to stop issuing tax-exempt securities. Unlike most other tax-exempt securities, that have anywhere from 20 to 40 years to run, it must be remembered that this security has only 5 years to run, and whenever the constitutional amendment is adopted preventing the issue of tax-exempt securities it will operate upon this

class of debentures quicker than upon any other class existing in the United States to-day.

Mr. President, the other portions of this bill are identical, or will be made identical, I presume, with the like provisions of the Capper bill amending the Federal reserve act, except in one or two particulars to which I shall refer later, where they had no place in the Capper bill but do have a very proper place in this bill. They are, in short, the extension of the eligibility of agricultural paper for rediscount in the Federal reserve bank from six months to nine months, and the provision with reference to making it more attractive for State banks to enter the system, both by reducing the capital requirements and by providing under certain conditions for a larger distribution of earnings.

Now, Mr. President, I want to take up very briefly the minority report that has been made by my good friend the Senator from South Dakota [Mr. NORBECK] with reference to this bill.

In the minority report, the Senator states:

The inadequacy of Senate bill 4287 is apparent. It provides for setting aside \$60,000,000 from the Treasury (which money is not to be used for loans, but only for paying losses, if any).

Mr. President, I am astonished that the Senator from South Dakota should give any such construction to the bill. If this report had been drawn merely from reading the majority committee report, by one who had not read the bill, I would not have been surprised, because there happens to be a typographical error in the committee report. The phrase in the report is "obligations from losses," while the bill reads, as any one can see, "obligations and losses." When the language is that the capital shall be used solely for the purpose of paying obligations and losses, how anyone could so construe this bill that it will not permit the capital to be used as a working capital I am utterly unable to understand. Whether it be a discount, whether it be paying the salary of the manager or cashier of the bank, in every case before a dollar can be paid out of course there must be an obligation to pay it out; and so the word "obligations" covers every possible purpose that could be had in considering this \$5,000,000 as working capital of the bank.

Mr. WALSH of Montana. Mr. President, will the Senator call our attention to the provision in the bill to which he adverts?

Mr. LENROOT. Yes; page 7, lines 6 and 7.

I think where my friend perhaps got misled was through the use of the word "solely," although I confess that I can not quite understand it then; but this provision has just one purpose. Here was the farm land bank. A new activity is to be added to it—a farm-credits department. The purpose of this was to make it clear that there should be complete segregation of the business of the real-estate side of a land bank with the business of the farm-credit side, and so we provide:

Capital so allocated to a farm-credits department, and the surplus earnings of such department, shall be applied solely to meet obligations and losses, if any, incurred in the operation of that department; and the capital subscribed, together with the reserve and accumulations from earnings under Title I—

That is the present law—

shall not be applied to meeting obligations or losses, if any, incurred in the operation of any farm-credits department.

That is to say that none of its capital and none of its surplus can be used to pay any obligation of the real-estate side of a bank upon the one hand, and, in case of the real-estate side, none of its capital or surplus shall be used for the payment of obligations on this side; but inasmuch as the very able Senator from South Dakota has raised this question, at the proper time I shall offer an amendment making it so clear that there can be no possible question about it.

Mr. WALSH of Montana. Mr. President, I think the purpose is quite clear as indicated by the Senator from Wisconsin; but, inasmuch as he suggests an amendment, I should like to inquire of him whether the whole purpose would not be met by taking out all of line 7 to the word "of," so that it will read "shall be applied solely to meet obligations of that department"? Why mention any losses?

Mr. LENROOT. I think that would cover it.

Mr. WALSH of Montana. That would remove, it seems to me, all question on the subject.

Mr. LENROOT. I think that is true.

With reference to the inadequacy of the capital of \$60,000,000, I appreciate that there are many bills pending before the Senate and in the House that propose that the Government shall furnish all the capital for the credit needs of the farmers of this country. Some of them propose to furnish as much as \$500,000,000. As I said in the beginning, the farmers are not asking—although sometimes those who purport to represent them do ask—generosity upon the part of the Government, the paying out to them of money that can not be sustained upon business principles; but



it is my observation and belief that the farmers of the United States are asking nothing more of the Government of the United States than to be considered as business men, and that any credit that they may receive through the instrumentality of the Government shall be given them based upon business principles.

It is readily understood, of course, that if the Government is to ladle out money from the Treasury we are not very likely to have very sound business principles applied to such loans; but if the Government is to provide only the working capital, as is provided in this bill, and the main part of the credit coming to the farmers is to come through the proceeds of debentures sold to the general public, it necessarily means that in the management of each bank there must be that care and application of business principles that would be applied in private business. Otherwise the debentures will not be attractive; they will not be sold to the general public. That is the way it ought to be, unless the Congress of the United States wishes to take the position that we are going to treat the farmers of this country as a privileged class, grant them special privileges that we do not grant to any other class of people, and say to them: "Here is the Treasury of the United States open to you to a practically unlimited amount."

Mr. President, if there is any one thing the farmer of this country has made it plain he is against it is special privilege generally to anybody, and he is not asking for himself that which he would deny to anybody else.

Now, to go on with the criticism of this bill, the minority report states:

While it is proposed that each bank may borrow ten times the amount of its guaranty fund, no witness before the committee suggested the possibility of such an amount being available.

Mr. KENDRICK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Wyoming?

Mr. LENROOT. I yield.

Mr. KENDRICK. I wanted to ask the Senator if he knew of any reason why the entire amount of capital invested by the Government should not finally be retired and paid back to the Government, as I believe is the provision of law under the Federal farm loan act?

Mr. LENROOT. There is only one reason, and I am frank to say that that million dollars might well be reduced. But the Senator will remember this distinction, that under the present system the capital stock of the Government is retired and farm-loan associations own the stock, while no such thing exists with reference to the farm credit side of the institution. It being a stock institution, if all the stock were retired, there would be no capital stock at all; it would be surplus only. But I am frank to say that I do not know why that might not be reduced to a nominal amount rather than fixed at a million dollars.

Mr. KENDRICK. Does the Senator believe it would be an impracticable plan to have those institutions which rediscount paper with the banks or with the Federal farm loan credit system participate in the purchase of stock, the same as is provided under the Federal reserve system?

Mr. LENROOT. The committee very fully investigated that very question; and in our first draft of the bill, as members of the committee who were present know, we did provide for credit loan associations on subscriptions of stock very similar to the present system. We sent out questionnaires all over the country; we got the most expert advice we could get; and we came to the conclusion that, inasmuch as this is not intended in any way to be a profit-making institution, inasmuch as necessarily the profit can not be any substantial sum, or should not be any substantial sum over expenses, there would not be any attraction, in all probability, for any person or institution to become a stockholder in this institution.

The minority report states that—

No witness before the committee suggested the possibility of such an amount being available.

I am not going to take the time now to go through the testimony adduced before the committee, but certainly my friend from South Dakota [Mr. NORBECK] has not read the testimony, or he would not make that statement. I was a witness before that committee. I stated very frankly to the committee the source of the information which led me to form an opinion as to whether these debentures should be available, and I am glad to state the source of my information to the Senate.

In the first place, the Joint Commission of Agricultural Inquiry got the advice of representatives of bond houses and other financial institutions of New York and elsewhere and asked them whether, if such a scheme as we proposed should go through, in their opinion such debentures would be readily

salable, and the opinion was nearly unanimous that they would prove a most attractive investment, provided there was sound management of the land banks. Of course, we must all admit that unless there be such management not only would the debenture part of the scheme fail but it would be only a little while before the whole thing would fail. This, like any other financial institution, depends for its success upon management on business principles.

But more than that, Mr. President, there is what is known as the administrative committee of the American Bankers' Association, consisting of some 25 members, I believe. They held a meeting here in Washington recently, and they are representative of the bankers and financial institutions of different parts of the country. At their invitation I spent an evening with them here and went over this bill. I took very special pains to get their opinion as to whether the debentures provided for in this bill would be an attractive investment. Out of those 25 men, there was only one, I believe, who expressed any doubt concerning that question, provided always there was sound, efficient management of the banks, so that they could rely upon the business judgment of the directors and officers of the farm-credit departments of the banks.

The minority report further states that—

The plan is to purchase agricultural paper from the banks; in other words, it is a plan to assist the banks to extend credit to the farmers. It is the banks that the board has to deal with.

It is not proposed under this bill to make any loans to farmers.

Of course, it is not proposed to make loans to farmers, Mr. President; and, if anybody seriously proposes that the Government make loans direct to farmers, he may think he is a friend of the farmer, but he is not, in so proposing, because if the Government ever goes into the business of making loans to farmers directly, unless it is to consider the farmer an object of charity, and therefore willing to sustain enormous losses in the transaction of his business, it will be necessary for the Government then to exercise the same care, the same supervision over each individual loan to the farmer, that a careful banker or sound credit institution in the locality would exercise, and what would it cost to exercise that kind of supervision? If some official, or some central bank, as proposed by some Senators, or farm land bank, as proposed in this bill, is to make individual loans to farmers, and send its agents to ascertain the financial responsibility and the character and industry of each individual farmer borrower, what is it going to cost in overhead? Who is going to pay the cost? Perhaps these gentlemen think the Government will pay it. It may be; but the Government ought not to pay that kind of a cost; and, if the farmer is to pay it, it would result in an increase of at least 1 per cent in his interest rate.

Mr. KENDRICK. Mr. President, does not the Senator believe that even under the operation of this bill the ordinary course of banking will continue, and that the majority of loans to the farmers will be made by the banks, and that the length of loans only will be affected by this bill? That is to say, the banks will largely make the loans, as they have in the past, for a longer time, because they have assurance of rediscount without any question in case they find it necessary to realize on the loan.

Mr. LENROOT. I agree absolutely with the Senator upon that; and in this connection I want to read the first paragraph of the report of the national convention of cooperative associations upon that very point. They use this language:

That this national council announces as a general policy that the primary reliance of the farmer for credits for production or for marketing should be upon the local banker, and that under normal conditions the local banker is likely to meet the greater part of such needs.

Mr. KENDRICK. That is, that potential credits to the bank will govern the situation. They will be free to lend their funds, even though their funds are those of depositors, because they can realize on the loans, and in the meantime they will keep the loans in their vaults as much as is consistent.

Mr. LENROOT. That is true; but in case they should not do that, in case for any reason a bank in any locality would be unfair to the farmer and seek to use its funds for speculative purposes, the bill does provide that institutions other than banks will be recognized. They may be cooperative institutions, they may be cooperative banks, they may be credit associations, but it furnishes direct incentive to the bank to take care of the needs of its own locality and community on business principles.

In this connection, I understand, of course, the feeling that is attempted to be aroused against all of the banks of this country. I hold no brief for the banks; but in so far as this agricultural need is concerned, it is the small bank, comparatively speaking, that is affected. The great banks of New

York City are not expected to extend any very large amount of agricultural credits, but it is the little bank in the farming communities of this country that will be affected by this bill, and I deny that those banks, generally speaking, are enemies of the farmer. They are absolutely dependent upon the farmer for their own prosperity, and it is to the direct interest of the little banks of this country to serve the needs of the farmers.

I do not question, of course, that the banker tries to make money, and he has his own selfish interests, just as every other man engaged in business has; but in this bill we provide that the bank which seeks to charge a higher rate than 14 per cent in excess of the discount rate shall not have its paper discounted by the Federal land bank at all.

Mr. CALDER. Mr. President, I am a member of the Committee on Banking and Currency, and I have made some study of this measure. Addressing myself to the Senator from Wisconsin, I have heard the statement made that there was a very great danger in this measure; that it might affect injuriously the smaller banks in the agricultural sections of the country. Has the Senator thought of that or has he heard that statement made?

Mr. LENROOT. I would be glad if the Senator would suggest in what way there could be any danger.

Mr. CALDER. Through competition of a Government institution with those banks.

Mr. LENROOT. I am very frank to say to the Senator from New York that the great difficulty with reference to the small banks of the country to-day is not undue competition with any possible outside institution in dealing with the farmers but the lack of funds in the bank to take care of the needs of the farmers.

Mr. CALDER. I have no information to lead me to believe the statement I made was correct, but it has been made to me, and I wanted to be certain that the Senator had thought of it.

Mr. LENROOT. I do not think there is anything to that.

Mr. GLASS. I think it would be interesting to the Senate if the Senator from Wisconsin would indicate what he thinks of the principle of taking the Government's money and loaning it directly to any class of people, aside from the question of overhead charge and the difficulties of effectively conducting a system of that sort.

Mr. LENROOT. I can not imagine any activity of the Government that could lead to greater abuse, to greater discrimination, and to greater losses to the taxpayers than a system such as is suggested by some of our good friends.

Mr. DIAL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from South Carolina?

Mr. LENROOT. I yield.

Mr. DIAL. As a matter of fact, the stockholders of small banks are usually the farmers of the community. They are the principal stockholders really. The Senator states there are not sufficient funds in the small banks. I would suggest, as a remedy for that, that we eliminate some of the small banks. We have too many small banks. They ought to increase their capital, and then they ought to join the Federal reserve system.

Mr. LENROOT. That is undoubtedly true. What our small banks are suffering from is lack of capital, lack of loaning power. I think there are a great many communities in the United States where it would be to the interest of the customers of the banks and of the banks themselves if they would combine, and cut out a great deal of overhead that serves no possible good useful purpose to anybody.

Mr. DIAL. Furthermore, they do not avail themselves of the credit they would get by being members of the Federal reserve system.

Mr. BROOKHART and Mr. NORBECK addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. LENROOT. I will yield first to the Senator from Iowa, and then I shall be glad to yield to the Senator from South Dakota.

Mr. BROOKHART. I would like to ask the Senator from Wisconsin, on the theory that the banks ought to be united or combined, should not the bill provide some method whereby farmers might accomplish the purpose by cooperative banking direct?

Mr. LENROOT. That can be done by State law, and if done under a State law, they are recognized by the bill.

Mr. BROOKHART. But about half of our banks, perhaps not quite half, are national banks.

Mr. LENROOT. About one-third.

Mr. BROOKHART. Well, say about one-third are national banks. That portion of the banking business should have the same rights among the farmers that the banks have under the

State laws, it seems to me, and yet no such provision is made in the bill.

Mr. LENROOT. There is no such provision.

Mr. BROOKHART. Would there be objection to incorporating such a permissive provision in the bill, which would give the farmers that opportunity?

Mr. LENROOT. I am very frank to say that, as far as amendments to the bill are concerned, I certainly hope that the Senator will not press such an amendment, because he realizes quite as well as I do that, although he and I might fully agree, any attempt to thrash out that question of national cooperative banking upon the pending bill means there would be no bill passed at this session.

Mr. BROOKHART. I could not agree with that conclusion. Of course, the Senate ought seriously to take up the question. It is the most important of all.

Mr. LENROOT. I hope it will not be pressed where it would mean the defeat of the pending bill.

Mr. BROOKHART. It seems to me if we merely adopt a piecemeal policy that does not really comprehend the farmers' question, we will live to regret it very seriously.

Mr. LENROOT. Highly as I value the judgment of the Senator from Iowa, I would rather take the judgment of the farm organizations of the country upon that question than I would his.

Mr. BROOKHART. I have talked to representatives of most of the farm organizations from which the Senator has read, and I find they are in a state of mind that they are glad to have any little help whatever, but I have not talked to any of them who regard the bill as adequate for the situation.

Mr. LENROOT. Not one of them has suggested to any committee or to the agricultural commission the amendment which the Senator now suggests. The Senator knows it is a matter that can not be put upon a bill of this kind in a day. Of course, if the Senator desires to defeat the pending legislation, I suppose he could attempt it.

Mr. BROOKHART. It seems to me the farmers have a right to more than a day's consideration of that proposition. There are other matters here which are not so urgent as that and which could easily be laid aside to give the necessary time to fully consider it.

Mr. LENROOT. Of course, if the Senator desires to take such time upon this bill as will open up a question of that kind, and thus possibly defeat the bill, he will take that responsibility, but I shall not be a party to it.

Mr. BROOKHART. I am not particularly afraid of the responsibility for it, if it is on the theory that in the end it is going to accomplish the right thing.

Mr. LENROOT. Of course, it has always been the case that some friends of the farmer, because they can not get something they think they ought to have in addition to what is proposed, would rather see the farmers get nothing at all.

Mr. BROOKHART. The result of all the piecemeal policy has been that the farmers have not only got nothing but worse than nothing. They have been set back about every time we have gone ahead with such inadequate legislation.

Mr. LENROOT. Of course, the Senator thinks that the salvation of the farmer is cooperative banking. He has a right to that opinion, of course, but it is rather curious that the farm organizations of the country have not taken that up and pressed it upon Congress. The Senator is the only one who has suggested it.

Mr. BROOKHART. I will say to the Senator that the National Farmers' Union have pressed it very strongly, and they have been longer studying the cooperative question than any farm organization in the country. The National Farm Equity Society have been doing the same thing. They adopted it in their national convention. The Iowa Farm Bureau Federation did the same thing, and the president of the State organization called on me the other day. It is the biggest farm bureau organization in the United States by many thousands. So I know something of what those people want to do.

Mr. LENROOT. I have referred, as the Senator well knows, to the different farm organizations which have made certain requests of Congress for legislation at this session of Congress, and I have never heard of one of them, nor have I read anything from any of them, making the request which the Senator now proposes.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Florida?

Mr. LENROOT. I promised to yield to the Senator from South Dakota.

Mr. NORBECK. I will wait.



Mr. LENROOT. Then I yield to the Senator from Florida.

Mr. FLETCHER. The bill provides for a capital of \$5,000,000 for each of the Federal land banks, with a possible increase of \$5,000,000 more; that is, the Government may put up, to begin with, \$60,000,000, and may possibly increase it to \$120,000,000. I take it the Senator can only justify the Government furnishing the capital to do this business, and continuing it as a permanent, going concern, upon the theory that the Government is eventually to get back its capital. Am I correct in that understanding?

Mr. LENROOT. Yes; it will get back most of it.

Mr. FLETCHER. The bill provides for the retirement of that capital down to \$1,000,000 for each bank. Why does the Senator believe that it is necessary to retain the \$1,000,000?

Mr. LENROOT. The same question has been asked and I have replied, just a little while ago.

Mr. FLETCHER. I was not present at the time.

Mr. LENROOT. I have stated the distinction between the Government's subscription to this capital and the subscription to the present system is that eventually other stockholders take the place of the Government as a stockholder under the present system, while under the pending bill there are no stockholders except the Government. It is in the form of a corporation, of course, but, as I said before, I see no reason why we should not reduce it to a mere nominal amount.

Mr. FLETCHER. I did not know that question had been raised before, but it occurred to me in reading the bill that there was some reason for retaining the capital of \$1,000,000 which I could not quite understand. I know under the farm loan act the Government contributed \$750,000 to the capital of each bank, but that will all come back to the Government. Some of the banks have already been taken over by the national farm loan associations.

With reference to the use of the capital, at page 7 the bill provides—

Mr. GLASS. The Senator from Wisconsin has already explained that feature.

Mr. FLETCHER. I was not aware of that. I would like to get an answer now for my own information. I was not aware the Senator had already answered as to the use of the capital.

Mr. LENROOT. Yes; I had. I would prefer to discuss the matter when we come to reading the bill for amendments. Of course, that is to be used for working capital.

Mr. FLETCHER. I would like to ask the Senator whether any of the capital is to be used in furnishing money for discount of paper?

Mr. LENROOT. Certainly. That is to be used as working capital, of course.

Mr. FLETCHER. It seems to me the word "solely" perhaps ought to be stricken out.

Mr. LENROOT. The Senator again has fallen into the same error that the Senator from South Dakota did. The word "solely" is there only for the purpose of making it clear that none of the capital shall be used to pay obligations of the farm land real estate side on the one hand, and that the obligations of the real estate side shall not be paid out of the capital on the other side. I am perfectly willing to make that clear, in order that there shall be no question about it, and I shall at the proper time offer an amendment to clarify it.

Mr. FLETCHER. It seems to me it is very ambiguous, to say the least, and it ought to be made more clear.

Mr. LENROOT. Let me ask the Senator a question. The Senator does not think we can pay out any money by this bank or any other bank unless it is in payment of some obligation, does he?

Mr. FLETCHER. There would be no obligation unless it was allowed to use the money.

Mr. LENROOT. They are allowed to agree to discount the paper, are they not? They are allowed to agree to pay the salary of the manager, are they not? Do not those then become obligations?

Mr. FLETCHER. I think that is the trouble. I think the salaries and the actual running expenses of the institution would be obligations.

Mr. LENROOT. If they agree to discount paper, does it not become an obligation?

Mr. FLETCHER. After it is discounted.

Mr. LENROOT. If they agree to discount it, they contract to discount it.

Mr. FLETCHER. Yes; but I think—

Mr. LENROOT. But there is no use spending time upon it, because I am going to offer an amendment to make it perfectly clear.

Mr. FLETCHER. Very well.

Mr. LENROOT. I would like to proceed, because I wish to conclude. The Senator from Wyoming [Mr. WARREN] desires to bring up the legislative appropriation bill.

The minority report goes on to say that—

Most of the expert witnesses considered the Lenroot bill impractical.

I would ask my friend from South Dakota what witnesses expressed any such view except Secretary Mellon, Mr. Leffingwell, Judge Lobdell, and the distinguished Senator himself?

Mr. NORBECK. I have been quite patient since the Chair announced that the Senator from Wisconsin did not want to be interrupted, otherwise I should not have let some of his statements go unchallenged.

I recall, for instance, that when Judge Lobdell was asked whether the debentures were salable and if it would work out unless they were salable he said in substance: "I have heard a more competent man than myself dodge that question." Lobdell went on to intimate that though four times as much could be sold it would be possible to conduct it, but he never suggested ten times. He did not say four times could be sold. But I do not care to go into that at this time. Read Hoover's testimony and see if he does not suggest a more radical change in order to make the system operative.

Mr. LENROOT. I have read Judge Lobdell's testimony. The language of the minority report is:

Most of the expert witnesses considered the Lenroot bill impractical.

For the benefit of the Senator I will read again:

The Farm Loan Board feels that the Lenroot bill, speaking broadly, is well worked out and proposes a practical and workable plan of meeting the situation.

Judge Lobdell made just one suggestion to the committee, and that was that the administration be placed in the Federal reserve bank and that the words "Federal reserve bank" be substituted for the words "Farm Loan Board" in every case.

Mr. NORBECK. I have taken the position that the Senator from Wisconsin was entitled to get his bill in the best form possible. I supported many of his amendments in the committee. I have no disposition to-day to inject myself unduly into his presentation of the matter. He is entitled to a fair chance to present the matter to the Senate in the best way possible, but since the questions were asked me I want to answer them. What was the particular question?

Mr. LENROOT. The statement was made in the minority report:

Most of the expert witnesses considered the Lenroot bill impractical.

Mr. NORBECK. Yes. For instance, the Senator from Wisconsin has said the farmer needs three years' credit. Under the system proposed in the bill he is proposing to put the matter in charge of men who do not believe in three years' credit.

Mr. LENROOT. I have just read to the Senate Judge Lobdell's opinion of it.

Mr. NORBECK. But did he not also say he would not make a three-year loan if it were put under him?

Mr. LENROOT. That might be, but Judge Lobdell testified, and I have read it twice to the Senate, that the Farm Loan Board considered it a workable and practical scheme.

Of course, I admit that it may be difficult to sell three-year paper; but the Senator well knows that the bill provides for classifying paper, and it may be classified both as to term and as to purpose. It may be difficult; I am not guaranteeing that we can sell \$50,000,000 of three-year paper under this scheme; no, but, so far as one can judge in advance from the opinions of men who ought to know, they do, without exception, save such as I shall refer to in a moment, express the opinion that it is a workable and practical scheme. Secretary of the Treasury Mellon, however, says it is not. I wonder if the Senator from South Dakota agrees with Mr. Mellon? What is Mr. Mellon's objection? His objection is to the Government furnishing any capital at all, as the Senator well knows.

Mr. NORBECK. I beg pardon. Secretary Mellon suggested that if the land banks should conduct this kind of personal credit business there would need to be a reorganization of the system. That was one of the things he said.

Mr. LENROOT. My statement still stands, that Mr. Mellon has objected to the Government furnishing any of the capital. So has Mr. Leffingwell. Those are the only two experts who appeared before the committee, so far as I remember or of whom I have read, who condemn the bill; and I am sure my friend from South Dakota would not care to follow the leadership of either of those gentlemen upon farm-credit legislation.

Mr. NORBECK. If I were to follow the leadership of Judge Lobdell I might easily conclude that there might not be any debentures that were salable at all, and we considered him an expert witness.

Mr. LENROOT. I again wish to say that I put against the Senator's statement the testimony of Judge Lobdell, that he considers the system practicable and workable.

Mr. NORBECK. That is another part of the testimony, and the Senator proposes to take only one part of the testimony. I propose to take it all.

Mr. LENROOT. When we come to discuss the details of the bill I shall be very glad to read Judge Lobdell's testimony with respect to the sale of debentures generally. He expressed his doubt as to the long-term three-year debentures, as the Senator from South Dakota well knows.

Mr. President, the views of the minority of the committee state that—

Some provision should be made in rural-credit legislation whereby farmers, who are financially responsible, can conveniently associate themselves into groups for the purpose of securing loans for individuals upon the indorsement of the members of the group.

As I have said, the agricultural commission carefully considered that; it inserted such a provision in the bill at one time; but witnesses appeared before us, and experts and representatives of the farm organizations, I think, were unanimously in agreement that the farmers would not indorse accommodation paper one for the other under the system of personal liability; and I have found no one since who for a moment believes that the farmers of this country will agree to organize into groups of 20 or 30 and each become liable for all of the obligations of the other members of the group. That is why we left that provision out of the bill. It was because there was no use putting something in the bill which we knew in advance would not be workable.

Then, there is the question of separate agencies. Of course, I understand that the proposition is advanced that the War Finance Corporation should be the agency employed; but, Mr. President, I am opposed, as a proposition for permanent law, to having the War Finance Corporation or any other central agency deal with this question. So far as it can be, without excessive cost in the way of interest rates, it should be brought to the locality. I am sorry that we can not go still further into the locality; that we can not go nearer each individual farmer. The only reason we have not provided for doing so in this bill is because of the overhead expense that would be involved, resulting in an increased rate of interest to the farmer.

I do not remember whether or not the minority views contain the statement, but I have seen it stated that a reduction of one-half per cent in the interest rate is equivalent to a 20 per cent reduction of freight rates to the farmer. I do not know whether or not that is contained in the views of the minority, but I have seen it somewhere.

Mr. NORBECK. That is the testimony of Secretary Wallace.

Mr. LENROOT. That being so, Mr. President, would not the farmers at this moment welcome as a godsend to them a reduction of 20 per cent in their freight rates, but ought it not to be our very grave concern to see to it that the expense of the administration of a rural-credit system, whatever it might be, shall be brought down to the lowest point possible, and the farmer get the benefit in the interest rate?

Mr. President, with reference to the need of a separate agency, the American Farm Bureau Federation indorses this bill, except it does ask for—and I expect an amendment will be proposed to create—a separate agency here in Washington to take the place of the Farm Loan Board for the purposes of supervision. In all other respects the American Farm Bureau Federation indorses the bill. I think, perhaps, they would like to have a flat capital of \$10,000,000 for each bank instead of making it conditional, as we propose.

With reference to their proposal for a separate agency, I shall reserve the discussion of that until the amendment to which I have referred is proposed. I will only say now in passing that it would be a very anomalous thing to create a supervising agency over a bank over the directors of which that supervising agency would have no control so far as policy is concerned. Under the amendment which is proposed the directors would still be appointed by the Farm Loan Board, and all that the separate agency would have the power to do would be to administer the restrictions, limitations, and conditions which are provided for in the bill.

Mr. President, I shall not undertake to go into any further details at this time, but before concluding I wish to say that the benefit to the farmer by reason of this proposed legislation is not to be measured either by the capital which is to be provided by the Government or by the amount of the debentures which may be issued, making a maximum of loans and capital of \$660,000,000. To my mind the chief benefit to the farmer will consist in the liberality of his local bank, whether it be

State or National, in extending to him loans running from six months to three years, which those banks do not extend at all at this time, and can not be expected to extend, because they do not know, in case of stress or call upon their deposits, where they could turn in order to realize upon the paper upon which they have advanced money. So, in my opinion, what will actually happen under this bill will be that the banks of the country in the agricultural communities will extend credit running from six months to three years to the full extent of their resources. They will do so knowing that if there should be any sudden call upon them they may rediscount that agricultural paper with a Federal land bank; but, in the absence of that emergency or call, they will keep that farm-loan paper in their vaults; it never will reach the Federal land bank at all. So we can not measure the amount of credit that will be afforded to the farmer by reason of the passage of this bill. We do know that it will be very much more than the maximum of the \$660,000,000 that is provided.

Mr. REED of Pennsylvania. Does not the Senator mean \$60,000,000?

Mr. LENROOT. Sixty million dollars capital and \$600,000,000 debentures is the maximum that may be allowed.

Mr. President, in conclusion I wish to repeat that this bill had the consideration and is the product of the Joint Commission of Agricultural Inquiry, composed of both Republicans and Democrats. It has had the consideration of the Committee on Banking and Currency, and is supported by both Republicans and Democrats. I believe that it embodies a workable scheme, one which may be defended on business methods, and it will give to the farmer what he has a right to ask, namely, credit based upon business principles. If, peradventure, the time should come when the limitations of this bill as to capital or debentures are such as not to provide sufficient credit to meet the needs of the farmer, it will then be time to consider amendments. As I understand, the position of its opponents is that they desire to have a larger amount of money out of the Treasury used for the purpose contemplated. I submit, Mr. President, that if we provide a possible \$120,000,000, with an additional possibility of \$1,200,000,000 for this purpose, we have well served the needs of agriculture for the intermediate credit of which to-day it is sadly in need.

Mr. FLETCHER. Mr. President, before the Senator concludes I should like to ask him a question regarding the practical operation of the bill. For instance, at page 4 the bill provides:

(b) Subject to the approval of the Farm Loan Board to issue and to sell collateral trust debentures or other such obligations with a maturity—

And so forth.

Does the Senator in considering how the bill will be put into operation hold that applications for loans, for instance, will be made to the Federal land banks and when they will have approached a certain amount then the Federal land bank must submit the applications and the data regarding them to the Farm Loan Board and obtain permission of the Farm Loan Board to issue debentures? Will that be the process, or how will the consent of the Farm Loan Board in the actual operation of this plan be obtained for the issuing of debentures?

Mr. LENROOT. I would expect, Mr. President, in the same way that the consent of the Farm Loan Board is now obtained with reference to the issuing of farm loan bonds. What will actually happen, I think, will be that a portion of the \$5,000,000 will be actually used for the purpose of making advances as provided in the bill, and after they have accumulated two or three million dollars they will make a proposal to issue debentures. They would show to the Farm Loan Board the paper they had on hand; and the Farm Loan Board unquestionably, being competent in the management of the affairs of the system, and having full control over the directorship, without passing upon each piece of paper, for they will expect the farm land banks to do that, will give approval to the issuing, we will say, of \$3,000,000 of debentures upon the showing that the land banks had loaned already out of their capital \$3,000,000.

Mr. FLETCHER. The Senator does not believe that that will bring about delays that will hinder the operation of the system?

Mr. LENROOT. No; I do not think so at all.

#### APPENDIX.

NATIONAL COUNCIL OF FARMERS' COOPERATIVE MARKETING ASSOCIATIONS,  
Dallas, Tex., December 19, 1922.

MY DEAR SIR: The National Council of Farmers' Cooperative Marketing Associations, held in Washington, December 14, 15, and 16, was attended by delegates representing more than 100,000 farmers, grouped



in 80 of the largest associations, doing an active business of more than \$1,000,000,000 per year in the marketing of farm crops.

These business organizations are the groups which, above all others, will be specifically affected by any rural credits legislation which Congress may pass at this session; therefore their interest in the matter is acute.

You will find inclosed herewith the report of the rural credits committee, unanimously adopted by the council, and also the report of the committee on resolutions, which was similarly adopted.

We sincerely hope that the suggestions contained therein may be of some value to you in your deliberations on these various measures.

Sincerely yours,

NATIONAL COUNCIL OF FARMERS' COOPERATIVE  
MARKETING ASSOCIATIONS.  
CARL WILLIAMS, Acting Chairman.

To Hon. ROBERT W. BINGHAM,  
Chairman Conference National Council  
of Farmers' Cooperative Marketing Association.

Your committee on rural credits beg leave to submit the following report:

The committee on rural credits of the National Council of Farmers' Cooperative Marketing Association has made a survey of the subject of farmers' credits and the legislation proposed on such rural credits. Your committee recommends as follows:

1. That this national council announce as a general policy that the primary reliance of the farmer for credits for production or for marketing should be upon the local banker, and that under normal conditions the local banker is likely to meet the greater part of such needs.

2. That the Federal reserve system should be modified so as to meet the special requirements of farm credits and to permit the financing of farmers and farmers' cooperative marketing associations conveniently and efficiently through normal banking channels.

That such modification involves primarily the extension of the maturity of agricultural paper to a maximum limit of nine months, with the fixing of cooperative marketing for loans on such agricultural paper to any one cooperative marketing association to be fixed as 50 per cent of the capital and surplus of banks, members of the Federal reserve system, subject to the State laws wherever applicable, and that encouragement and inducement be made to have more State banks exercise the privilege of membership in the Federal reserve system.

4. That adequate opportunity be presented for the creation of agricultural credit corporations with sufficient minimum capital to purchase or discount ordinary agricultural paper with a maximum maturity paper of nine months and live-stock paper with a maturity of not more than three years, with rediscount corporations adequately capitalized to purchase such paper from agricultural credit corporations, with the privilege of rediscounting any such paper, without indorsement, through the Federal reserve system.

5. That the maximum basis of loans from farm-land banks be raised from \$10,000 to \$25,000.

5. That a farm credits department in the Federal land banks be set up in each of the land banks with a capital of \$5,000,000, making a total of \$60,000,000 capitalized, against which credits may be issued to the extent of approximately \$600,000,000; and that these farm credits departments of the Federal farm banks be authorized to discount or purchase agricultural paper in a broad sense and to make loans or advance directly to cooperative marketing associations and agricultural credit organizations.

6. That the right of the Federal land bank to purchase production credits shall be limited to production credits where the note of the individual is indorsed by the cooperative credit association, or is secured by a chattel mortgage on implements or animals, or both, and indorsed by the local banks, or where the note or draft itself is made by a cooperative credit association or producers, and that any Federal land bank may exercise any of the power herein granted in any section or district of the United States.

And your committee further recommends that the Committee on Banking and Currency of the House and Senate be requested to consider these suggestions and to combine them if possible into a rural credits act, to be introduced in such way as the committee may deem advisable.

Your committee recommends that the council announce as its policy that the cooperative marketing associations do not ask anything from the Federal Government, except that legislation be enacted to permit farmers and farmers' organizations to have the same access to the Federal credits system, adapted to its needs, that all other industries now possess; and to make provision for unforeseen emergencies by setting up a last reserve in such a manner as is above suggested in the farm credits department of the farm land banks.

Your committee further recommends that this council take action through every individual member representing every cooperative association to make immediate personal contact with the Senators and Congressmen from each State to urge that a rule be secured setting aside consideration of other bills until this legislation is secured; and that all of the farm organizations be asked to unite in support of legislation as generally outlined above.

Respectfully submitted.

JAMES C. STONE, Chairman.

#### LIVE-STOCK CREDITS.

TEXAS AND SOUTHWESTERN CATTLE RAISERS' ASSOCIATION,  
Fort Worth, Tex., January 15, 1923.

DEAR SIR: We ask your earnest consideration of the accompanying resolution outlining the views of members of the executive committee of this association on the subject of live-stock credits.

Live-stock producers need loans for periods commensurate with the turnover of their business and at low interest rates. Banks and loan companies can not now extend credit for such periods, for the reason there is no dependable credit reservoir where the notes may be discounted in times of stress. Stockmen and farmers are frequently forced to sacrifice immature live stock and valuable breeding herds on a declining market to meet maturing obligations and expenses. The ones often hit hardest are the owners of breeding herds—the very foundation of the business.

Timely aid by the War Finance Corporation a few months ago helped prevent the collapse of the live-stock industry. Even before that, in 1913, it was necessary for the corporation to make loans on the breeding herds of the Southwest. Many worthy producers have not been able to meet the collateral requirements of the corporation, but millions have been loaned for periods commensurate with the turnover of the

business and at low interest rates. These loans, coupled with the knowledge that an agency existed where such loans could be discounted, helped restore confidence in the business and stabilize values.

The corporation is only a temporary agency. The importance of our industry justifies a permanent reservoir of credit, which can be depended upon in times of stress to do for the live-stock producers what the Federal reserve system does for other branches of commerce.

We urge you to support the Lenroot-Anderson bills.

Yours very truly,

C. B. LUCAS, President.

Mr. A. C. Williams will file with the Committee on Banking and Currency a statement further outlining our views on this subject.

Resolution by executive committee of Texas & Southwestern Cattle Raisers' Association, indorsing the Lenroot-Anderson bills.

Whereas banks of deposit are primarily adapted to the extension of credit to industries having a rapid turnover and requiring only short-time loans, and banks and other existing agencies are not capable of extending necessary credit to farmers and stockmen for periods commensurate with the turnover of their business; and

Whereas agriculture and live-stock production have been and are now being retarded and millions of dollars of wealth produced by hard labor destroyed because of an inadequate credit system; and

Whereas public interest, by reason of the important part of agriculture and live-stock production in the commerce of the Nation, demands that there be provided a credit system which meets the needs of farmers and stockmen to the extent that existing agencies meet the needs of other branches of commerce; Therefore be it

Resolved, That the executive committee of the Texas & Southwestern Cattle Raisers' Association, in session at Fort Worth, Tex., December 19, 1922, recommends and urges the speedy enactment of the Lenroot and Anderson bills. This committee wishes to emphasize the necessity of a permanent reservoir of credit which live-stock producers can depend upon in times of stress, and which gives assurance of reasonable rates of interest, and to particularly urge the following provisions of pending bills:

1. The establishment of farm-credit departments in Federal land banks, each such department to have not less than \$5,000,000 Government capital and authority to issue properly secured debentures. These funds to be available for the purchase or discount through banks, trust companies, incorporated loan companies, and cooperative associations of producers of notes which have a maturity of not less than six months and not more than three years and are properly secured by live stock or agricultural products.

2. Amendment of the Federal farm loan act increasing the loan limit of Federal land banks on land from \$10,000 to \$25,000.

3. Amendment of the Federal reserve act to permit rediscount by member banks of live stock and agricultural paper having a maturity of nine months.

4. Amendment of the Federal reserve act to authorize Federal reserve banks to buy and sell debentures issued by farm-credit departments of Federal land banks: Be it further

Resolved, That a copy of this resolution be sent to the President of the United States, the Secretary of the Treasury, the Secretary of Agriculture, and all Members of Congress from Texas and adjoining States.

#### LEGISLATIVE APPROPRIATIONS.

Mr. WARREN. Mr. President—

Mr. DIAL. I should like to ask the Senator one question, please.

Mr. WARREN. Will the Senator wait until I get up the appropriation bill?

Mr. DIAL. Very well.

Mr. WARREN. With the permission of the Senator, I ask unanimous consent that the Senate proceed to the consideration of House bill 13926, the legislative appropriation bill.

The VICE PRESIDENT. Is there objection?

Mr. FLETCHER. Mr. President, the bill was reported only this morning.

Mr. WARREN. It was.

Mr. FLETCHER. I do not want to raise an objection to considering appropriation bills, but I have not been able to get a print of the bill.

Mr. WARREN. It is right here.

Mr. FLETCHER. Under the rules, of course, it would have to lie over until to-morrow; and I suggest to the Senator whether it would not be better to bring it up to-morrow.

Mr. WARREN. Mr. President, if the Senator will permit me, I want to say this:

In the first place, there are very few changes in the bill on the part of the Senate committee—none of great consequence. The bill has an increase altogether of \$101,000. Three items, amounting to over \$100,000, are for the Architect of the Capitol for doing over to some extent this Chamber and for providing other conveniences of two or three natures in the Senate Office Building. Aside from that, there is a little matter of doing away with one or two employments and adding a trifle to the pay of three or four more. That is about all there is in the bill except what comes over from the House—the regular appropriations for the clerks of committees and employees of the Senate, and so forth.

Mr. FLETCHER. I have not any doubt about the merits of the bill and the merits of the amendments that have been offered to it. It is just a question in my own mind as to whether we ought not to wait until to-morrow morning to take it up.

Mr. WARREN. The Senator would accommodate the committee very much if he would let the bill be taken up now,

notwithstanding it was only reported to-day. I realize that this is the first time that I have asked for such action in this session. It is a matter of small moment in one way, but it is quite important to us because there are so many conferences that are yet uncompleted.

Mr. FLETCHER. So far as I am concerned, then, I shall not raise the objection. I do think that these bills ought at least to be presented so as to let us have a print of the bill before we take it up.

Mr. WARREN. I ask that the Senator may be furnished a copy of the bill, or any other Senator that wishes it. They are here.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wyoming? The Chair hears none.

The Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 13926) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1924, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. WARREN. I ask unanimous consent that the formal reading of the bill be dispensed with and that it may be read for amendment, the committee amendments to be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

#### FIVE-CENT STREET-CAR FARES IN THE DISTRICT OF COLUMBIA.

Mr. HEFLIN. Mr. President, just after I had addressed the Senate briefly to-day upon the amendment of the Senator from Tennessee [Mr. McKellar] to establish a 5-cent fare on the street cars in the District of Columbia, and had gone down to lunch, the Senator from Wisconsin [Mr. Lenroot] said:

The Senator from Alabama very truly said that if the amendment of the Senator from Tennessee had been adopted it would have had the effect of legislating a 5-cent fare in the District of Columbia, if I correctly understood him. That was exactly the position the majority on this side took with reference to that amendment. My position with reference to it was that it was legislation, that it did seek to have Congress fix the rate of fare in the District of Columbia.

Mr. McKellar. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Tennessee?

Mr. Lenroot. Certainly.

Mr. McKellar. Am I to understand the Senator to say that he is not in favor of a 5-cent fare in the District of Columbia?

Mr. Lenroot. I am in favor of a 5-cent fare if a 5-cent fare can constitutionally be imposed in the District of Columbia, but the Senator from Tennessee does not know, nor do I know, whether that can be done.

Mr. President, the only point I wish to make is that the entire speech of the Senator from Alabama [Mr. Hefflin] sustained the position taken by the majority, because we have a rule in this body that legislation can not be placed upon an appropriation bill. That is all I care to say with reference to it. The Senator from Alabama in his speech fully sustained, although he did not realize it, the position taken by the majority.

Mr. President, two years ago, I believe, the Senator from Mississippi [Mr. Harrison] offered practically the same amendment, having in view the same purpose of obtaining for the people of the District of Columbia a 5-cent fare. The Senator from New York [Mr. Wadsworth], the same Senator who made the point of order to-day, made a point of order against that amendment. The Senator from Wisconsin [Mr. Lenroot] defended the position taken by the Senator from Mississippi, and here is what the Senator then said about legislation on an appropriation bill:

I think the Senator is mistaken—

He was referring to the Senator from Washington [Mr. Jones]—

There is no such rule in the House. The limitation rule applies upon general principles, that a limitation does not change existing law, that a limitation upon an appropriation is not either new or general legislation.

So the position of the Senator from Wisconsin to-day is directly opposed to the position of the Senator from Wisconsin two years ago. The position that the Senator took two years ago is diametrically opposed to the position the Senator takes here to-day.

The Senator says that he is in favor of a 5-cent fare, and to-day he had the opportunity to vote for a 5-cent fare and he did not do it. The Chair ruled to-day exactly in keeping with the Senator's position two years ago. If the Senator had wanted to give a 5-cent fare to the people of the District of Columbia, what an easy thing it would have been to be consistent, stand by the position he occupied then, give the people of the District of Columbia the benefit of his great service, and vote to give a 5-cent fare to them. Here was the opportunity. Here was the amendment, the same kind of an amendment that was pending then, when he said it was

in order. He says he favors it now, and yet he voted against putting it into the law when the Republican Vice President threw open the door and gave him the opportunity to vote to put it into the law.

Mr. President, I believe I find here, if my eyes do not deceive me, that he voted against a 5-cent fare two years ago. Here is a record vote that was about to escape me. Now the Senator says he is in favor of a 5-cent fare, but he voted against it then, although sustaining the position of the Senator from Mississippi that the matter was in order upon that occasion.

I want to bring to the attention of the Senate a proposition under this amendment that we tried to put on here to-day. The people of the District of Columbia, thousands of them, can ill afford to pay an 8-cent fare. Under the amendment proposed by a Democrat, the Senator from Tennessee [Mr. McKellar], the same kind of an amendment that was proposed by the Senator from Mississippi [Mr. Harrison] two years ago, any person could buy 24 tickets for a dollar and ride 24 times in the District of Columbia under the fair and just provision that we undertook to put into the law to-day; but under the law as the majority of the Senate decreed to-day it shall be, any person riding 24 times and paying a cash fare each time will pay \$1.92. So that is the effect of the vote cast by the Senator from Wisconsin and the others who voted with him. I called attention this morning to the fact that some of our good friends who are going out of the Senate defeated a 5-cent fare for the people of the District of Columbia—six of them—the Senator from New York [Mr. Calder], the Senator from New Jersey [Mr. Frelinghuysen], the Senator from Minnesota [Mr. Kellogg], the Senator from North Dakota [Mr. McCumber], the Senator from Indiana [Mr. New], and the Senator from Washington [Mr. Poindexter].

Mr. President, we are treated to this sort of a situation: Nearly everyone admits that an 8-cent fare is too much.

I want to see justice done to the people of the District, and it is wrong for these capitalists to come here from the outside States, buy stock in these street car companies, and hold the fares up on the people of this District. Congress should not permit it. But here we are to-day, desiring to reduce the fares, which nearly everybody says ought to be reduced, and the Republican Senators, with the opportunity given them by the Republican Vice President to reduce these fares to 5 cents, or six tickets for a quarter, did not do it. They defeated it. They had the opportunity to put that amendment on the bill. Then they stand up and say, "We were just voting to sustain the rule."

Mr. President, how many times have I seen both parties turn down a rule because an emergency had arisen, and the exigencies of the occasion demanded that the rule be set aside temporarily? The same body that makes a rule can temporarily suspend it or lay it aside by its vote, and that is what we do when we do not sustain a rule. When a majority of the Senate wants to do a thing, and thinks it is right to do it, it frequently turns down the ruling of the Chair, if he rules against the position the Senate takes in its desire to accomplish a certain thing. So Senators can not hide behind that. The issue is straight. The street car companies and those who own stock in them did not want the 8-cent fare reduced, and they triumphed in the vote here this morning. Those who wanted 5-cent fares, six tickets for a quarter, were defeated under the vote here this morning. Let the record speak the truth.

Senators can not say they are for 5-cent fares and then vote against a provision that gives 5-cent fares. It is inconsistent. If I am for 5-cent fares I will vote for 5-cent fares. If I am told that such an amendment ought not to be put on this bill and I see that it is the only chance I have to make it the law, I will vote to put it on the bill. Such things have been done hundreds and hundreds of times in both branches of Congress during my service in them.

Mr. President, the statement of Senators will not hold water that they are in favor of bringing down this high fare in the Capital of the Nation when at the same time they vote against the opportunity to bring it down. It is simply ridiculous.

Mr. WILLIS. Mr. President, I rise simply to call attention to the fact that the junior Senator from Wisconsin [Mr. Lenroot] happens at the moment not to be in his seat, having been called from the Chamber. I do not wish to appear to inject myself into any controversy between him and the distinguished and able Senator from Alabama, because the Senator from Wisconsin if he were here would be amply able to take care of himself.

Mr. HEFLIN. Will the Senator yield?

Mr. WILLIS. Certainly.



Mr. HEFLIN. The Senator is aware of the fact that the Senator from Wisconsin replied to my speech when I was not in the Chamber.

Mr. WILLIS. I was not aware of that fact.

Mr. HEFLIN. That is a fact.

Mr. WILLIS. It is not a matter of criticism on either side, so far as that is concerned. It is not the business of a Senator to see that somebody else is present. I am not criticizing the Senator from Alabama. I am simply calling attention to the fact, and also to this fact: Notwithstanding the two eloquent addresses made by my friend from Alabama, he knows, and every other Member of the Senate knows, that the question he has been talking about was not before the Senate this morning and was not acted upon by the Senate.

The rule is perfectly clear. It was not a question of 5-cent fares that we passed upon. The rule reads:

No amendment which proposes general legislation shall be received to any general appropriation bill.

That is a rule of the Senate, and all the Senate did was to say that it would stand by its rule. I do not know how Senators would vote if the question of 5-cent fares were before them, but I simply want the country to understand that which the Senator from Alabama perfectly well understands, that that question was not before the Senate, but it was simply a question as to whether or not the Senate would stand by the rules which it has made.

Mr. HEFLIN. Mr. President, this morning the amendment of the Senator from Tennessee was pending. The Chair ruled that it was in order. That proposed amendment reads:

*Provided, That the appropriation in this section shall not become available until the Public Utilities Commission shall fix rates of fare for the street railway companies in the District of Columbia at rates not in excess of the rate of fare fixed in existing charters or contracts heretofore entered into between said companies and the Congress, and on and after February 1, 1923, said companies shall receive a rate of fare not exceeding 5 cents per passenger, and six tickets shall be sold for 25 cents.*

The latter part, the last three lines, were stricken out upon his request, but the other part refers to the same thing which was in the law as it existed heretofore, when they had 5-cent fares.

The eloquent and distinguished Senator from the State of Ohio, my good friend Mr. WILLIS, says this question was not up. Oh, Mr. President, how hair-splitting is the distinguished Senator from Ohio. This question not up? Here is the amendment providing for this very thing. The question was, Is the amendment in order? The Vice President said, "It is in order. It puts a limitation on an appropriation bill." Is it to be said that we can not limit appropriations and say specifically what shall or shall not be done with the people's money—under what conditions it shall be expended? That is an indefensible proposition. No such position as that can be defended from any standpoint.

The Senate can say that so much of the money "is appropriated to build a street car track down Pennsylvania Avenue to a certain point, provided the street car company will build the street car line from the Avenue to F Street; and unless the street car company does build such line, none of this money appropriated by the Government shall be used in building the track down the Avenue."

Does anybody mean to say that that can not be done, that we could not put a limitation like that in a law? I venture to say that no good parliamentarian will say so. This amendment said, in effect, here are appropriations made for the District of Columbia. The street car companies are part of the District of Columbia, and this money shall not be used until the Public Utilities Commission brings the fare down from the ridiculously high point which it has reached to 5 cents, as it was in the better and brighter days of the District.

Then they undertake to say that is not in order, that you can not put that sort of limitation upon an appropriation bill. The precedents show it can be done. The Senator from Mississippi pointed out the precedents to-day. The Vice President properly ruled, under the precedents of the Senate, that it could be done; but Senators on the other side voted to override the precedents of the Senate, to deny the Senate the right to vote as to whether or not we should have 5-cent fares.

Of course that was the question up for consideration. What else was under consideration in the Senate? We were not trying to remove the Capitol. We were not trying to remove the Union Depot. We were trying to reduce the fares on the street car lines. That was up for consideration in the Senate.

The Senator from Ohio says "Why, we did not even have that question up." Mr. President, that 5-cent fare question was

standing here looking at us, and so were some of the stockholders of the street car companies, and so were some of the poor people who have to ride on the street cars in this city looking down on this Chamber, anxiously hoping street car fares would be reduced, so that it would be a little help to their slender purses. But those who have stock in the railroad companies of this city triumphed, and those who have to ride and pay, with nobody to speak for them, lost on the vote.

That is the issue. There was nothing else up but that. Some Senators may now begin to see how this issue is going to look at home, when they had an opportunity to vote to bring down the street car fares of this city, this city beautiful, the Capital City of the Nation, where, when our people come from the various States, they are entitled to ride over it at a fair fee to the street car companies. We had an opportunity to bring the fare down to 5 cents, which is the fare paid in New York City, but the Senator from New York [Mr. WADSWORTH] made a point of order against it before, and he made it this time; and his colleague, my good friend Mr. CALDER, who is going out, with others who are going out, by their votes denied the people of the District of Columbia to-day the right to enjoy a 5-cent fare, or six tickets for a quarter.

Mr. SMOOT. May I ask the Senator a question?

Mr. HEFLIN. Just a moment.

Mr. SMOOT. I just want to ask the Senator a question.

Mr. HEFLIN. I find by the Record that when this question was held in order my good friend from Ohio voted against 5-cent fares, and no wonder he now comes to the rescue of the Senator from Wisconsin. The Bible says, "By their fruits ye shall know them." They were both against 5-cent fares. They were for these high rates. They so voted then, and they so voted to-day. So there is no use trying to camouflage. They can not get around the issue. I yield to the Senator from Utah.

Mr. SMOOT. I was just going to ask the Senator whether the street car fare in Alabama is 5 cents, or is it higher?

Mr. HEFLIN. In New York City it is 5 cents.

Mr. SMOOT. I am speaking of the Senator's State—Alabama. Is the street car fare in Alabama 5 cents to-day?

Mr. HEFLIN. I do not know what it is.

Mr. SMOOT. The Senator does not think it is 5 cents, does he?

Mr. HEFLIN. I guess it is about 5.

Mr. SMOOT. I guess it is more than 5, I want to say to the Senator.

Mr. HEFLIN. We will set them a good example if we will vote here to-day to make the fare 5 cents.

Mr. SMOOT. Mr. President, I would be perfectly willing to vote for a 5-cent fare if that would be just compensation. The Senator knows very well that when the 5-cent fare was in force salaries were lower than they are to-day, all expenses were lower, everything was lower. Not only that, but the fare in the District is not 8 cents; it is 6½ cents.

Mr. HEFLIN. Where is that?

Mr. SMOOT. The fare is 6½ cents.

Mr. HEFLIN. Where?

Mr. SMOOT. In the District of Columbia.

Mr. HEFLIN. I have many a time seen a boy or girl, a man or a woman, get on the street car and not have the money to buy 40 cents' worth of tokens, and have to pay 8 cents.

Mr. SMOOT. Not 1 out of 5,000 pays the fare that way.

Mr. HEFLIN. The Senator is mistaken.

Mr. SMOOT. I will ask the Senator to look at the record and see what it shows.

Mr. McKELLAR. Mr. President, I want to ask the Senator from Utah a question, if the Senator from Alabama will yield.

Mr. HEFLIN. I yield.

Mr. McKELLAR. Can the Senator lay his finger on any statute that authorizes the Public Utilities Commission of Washington to fix a fare bringing a reasonable income to the street car companies? I believe I asked the Senator that question before. I know it has been stated frequently that that is the law. I have just looked up the public utilities act, and that act in no place authorizes the Public Utilities Commission to fix a fare that will bring a reasonable income to the street car companies. Unless some amendment to that act has been passed, which has not been brought to my attention, apparently they are acting wholly without authority. It was acquiesced in simply, as I apprehend, because of war conditions. Now that the war conditions are over they ought to discontinue acting without authority.

Mr. SMOOT. I have not the act with me, and I do not know what the particular wording of the act is, but I am quite sure if there was an increase by the Public Utilities Commission of the District of Columbia and it did not meet the approval of

the public generally there would have been some action at least to prevent them from putting the increase into effect.

Mr. McKELLAR. We are trying to get some action now.

Mr. SMOOT. I am speaking of court action, not congressional action.

Mr. McKELLAR. Sometimes the people object very strenuously to bringing court action when the public authorities act in that regard.

Mr. SMOOT. I have not any doubt but what the commission had the authority.

Mr. McKELLAR. If the Senator can refer me to the authority—and I know if anybody knows where it is to be found the Senator from Utah does—I would be very glad to submit it to the Senate. I can not find any such authority. It may be I have not examined with sufficient care, but up to date I have been unable to find it.

Mr. HEFLIN. I believe the Senator from Utah was against the proposition this morning. I would like to ask the Senator from Utah if he believes in a 5-cent fare in the District of Columbia?

Mr. SMOOT. Not if it will not pay the expenses of running the street car company. I know in my own city they are charging 7 cents and making nothing.

Mr. HEFLIN. I want the street car companies treated fairly. What about the poor fellow who has to ride on the street car? Does not the Senator give consideration to his purse?

Mr. SMOOT. The consideration given him is that if the company does not pay the expenses of operation, then the poor fellow will not have anything to ride on very long.

Mr. HEFLIN. The poor fellow who is not able to pay 8 cents fare would be just as well off if we had no street cars.

Mr. SMOOT. That is true. So he would be just as well off in the one case as the other.

Mr. McKELLAR. Mr. President—

Mr. HEFLIN. It is apparent that the Senator is trying—

Mr. SMOOT. Mr. President—

Mr. WARREN. Will all of the Senators yield to me a moment?

Mr. McKELLAR. I want to ask the Senator from Utah a question before he leaves the Chamber.

Mr. WARREN. All of these discussions are very illuminating, but I was wondering whether we should indulge in them when we have an appropriation bill before the Senate?

Mr. McKELLAR. I am doing it for the simple reason, if the Senator addresses his inquiry to me, that so far as I am concerned I regard a 5-cent fare in the District of Columbia as quite important, sufficiently important for the Members of this body to discuss it.

Mr. WARREN. Has the Senator from Tennessee made a motion to put such a provision in the pending appropriation bill?

Mr. McKELLAR. No; there is no motion, and under the rules of the Senate there does not have to be a motion on it.

Mr. WARREN. I understand the rules of the Senate allow the Senator to stand here for four days and talk if he has the strength to do it. I understand that perfectly well.

Mr. McKELLAR. Of course, where it is a matter of such importance we ought to stand here and talk about it. When the law is violated in behalf of the street car companies, somebody ought to stand here and talk about it. The Senator from Utah [Mr. SMOOT] stated he was in favor of a 5-cent fare, provided a reasonable return was given the street car companies. I called the attention of the Senator to the fact this morning, and I do it again now, and I have no doubt the Senator knows it, that the Capital Traction Co., which was allowed to charge these high fares in the city of Washington, last year paid a dividend of 7 per cent and had a surplus of in the neighborhood of \$700,000, almost enough to pay 6 per cent more. Surely the Senator has no doubt about that being even more than a fair return, has he?

Mr. SMOOT. The Senator has no doubt that the 1½ cents off of every fare, which the Senator proposes to deduct in order to reduce the fares to 5 cents, would amount to more than the \$700,000, and perhaps three or four times that amount.

Mr. McKELLAR. That is not what I am asking.

Mr. SMOOT. That is exactly the fact. The Senator from Tennessee has not studied the question to understand what it means.

Mr. McKELLAR. I am asking if the Senator does not think that any concern able to pay a dividend of 7 per cent is making a very fair return on its money?

Mr. SMOOT. I should consider that a very fair return.

Mr. McKELLAR. The Senator would not fix 7 per cent as an unfair return if he were fixing it, would he?

Mr. SMOOT. He is not fixing it at 7 cents. Six and two-thirds cents is the rate at which it is fixed now.

Mr. McKELLAR. But I am not talking about the fare. I am talking about the amount earned on the capital stock of the company. They paid a dividend of 7 per cent last year, and 7 per cent the year before, and, as I understand it, they said they did not care for the increased rates. Is the Senator in favor of granting them an increased rate whether they want it or not, and regardless of the fair return on the capital?

Mr. SMOOT. No; the Senator is not in favor of that. I think the Senator from Tennessee will find that the other company in Washington has not made any money at all on the rates of fare it has charged.

Mr. McKELLAR. Yes; and the Senator will find that there are people in Washington who do not make money, of course; but we can not fix rates for those who are unable to make money on their property. We can not overcome their delinquencies. I understand that the Washington Railway & Electric Co. is largely a speculative concern; that they have been engaged in getting corporations together at small prices whenever they could and then issuing large blocks of stock with nothing to represent it but pure water. Of course we ought not to be required to tax the people in the city of Washington in order to give that company even what might be called a fair return upon money that they have not got invested in the business.

Mr. SMOOT. Let me ask the Senator a question. Suppose a reduction of 1½ cents in every fare received by the Capital Traction Co. should result in decreasing the revenues of the company by an amount greater than that required to pay the 7 per cent dividend and create the \$700,000 surplus, would the Senator then want a 5-cent fare?

Mr. McKELLAR. That is a supposition that we need not go into, for the reason—

Mr. SMOOT. Oh, yes; that ought to be taken into consideration.

Mr. McKELLAR. That is not the criterion by which the matter should be judged at all. We judge by what they are earning to-day. They are earning in the neighborhood of 13 per cent. That is too much to tax the people in the District of Columbia to give to the street car companies.

Mr. SMOOT. But the 1½ cents which the Senator wants to take off of the rate of fare in the District of Columbia would amount to more than the dividend and the surplus he is talking about.

Mr. McKELLAR. The Senator is entirely mistaken about that.

Mr. SMOOT. Oh, no; I am not.

Mr. McKELLAR. Because before the fare was increased the companies earned good return upon their stock and as much as they were entitled to earn under the contract they had with the city. So it is proved that the Senator's figures are absolutely wrong.

Mr. SMOOT. I do not desire to discuss the matter any further with the Senator.

Mr. HEFLIN. Mr. President, it has been hinted that the street car companies have a good deal of watered stock. When they used to sell six tickets for a quarter they made money. The Senator from Tennessee [Mr. McKELLAR] has pointed out that they are making about 13 per cent on their investment with the tremendous earning power they have under the present law. They used to get along with a 5-cent fare, and the people used to get along fairly well under it; but they have been increased until they pay now, as I said a moment ago, every time they pay a cash fare—not 40 cents' worth of tickets—8 cents for every ride they take. It is wrong. The fares ought to be reduced to 5 cents.

I simply rose to reply to the Senator from Wisconsin [Mr. LENROTH], who said that Senators voted against the 5-cent rate, but I think he voted at that time to sustain the Chair in his ruling that the amendment would be in order. The position he occupied to-day with regard to that is at cross-purposes with the position he occupied then; but his vote to-day, I repeat in conclusion, is in accord with the vote he cast then, because he voted against the 5-cent fare on that occasion. All Senators on the other side of the Chamber who voted to-day to override the ruling of the Chair can not get away from the fact that they voted in that situation to defeat a 5-cent fare for the District of Columbia. The street car companies carry many more passengers now than they did when they used to make 6 and 6½ per cent. I understand there is a lot of watered stock in the business now.



## LEGISLATIVE APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 13926) making appropriations for the legislative branches of the Government for the fiscal year ending June 30, 1924, and for other purposes.

The Assistant Secretary proceeded to read the bill.

The first amendment of the Committee on Appropriations was, under the head "Senate, office of the Secretary," on page 2, line 16, to increase the salary of the Assistant Secretary, Henry M. Rose, from "\$5,000" to "\$5,500."

The amendment was agreed to.

The next amendment was, on page 2, line 18, to increase the salary of the minute and Journal clerk from "\$3,000" to "\$3,600."

The amendment was agreed to.

The next amendment was, on page 3, in the items for office of Secretary of the Senate, at the beginning of line 2, to strike out "messenger, \$1,440."

The amendment was agreed to.

The next amendment was, on page 3, at the end of line 4, to reduce the appropriation for salaries in the office of the Secretary of the Senate from "\$89,850" to "\$89,510."

The amendment was agreed to.

The reading was continued to line 15 on page 3.

Mr. WARREN. At this point I wish to offer an amendment. On page 3, line 14, the committee proposes to amend by striking out "\$1,500" and inserting "\$1,800."

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 3, line 14, strike out "\$1,500" and insert "\$1,800," so as to read:

Three assistant clerks, at \$1,800 each.

Mr. FLETCHER. Was that estimated for?

Mr. WARREN. There is no estimate necessary so far as this bill is concerned.

The amendment was agreed to.

Mr. WARREN. On page 3, line 15, I propose another amendment, to strike out "\$900" and insert "\$1,200."

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 3, line 15, strike out "\$900" and insert "\$1,200," so as to read:

Messenger, \$1,200.

The amendment was agreed to.

Mr. WARREN. Before going further I ask unanimous consent that the clerks at the desk may change all totals to correspond with the amendments when we are through with the bill.

The VICE PRESIDENT. Without objection, it is so ordered.

The reading of the bill was continued to page 4, line 1.

Mr. WARREN. On page 4, line 1, I move to amend by striking out "\$1,800" and inserting "\$2,220."

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 4, line 1, strike out "\$1,800" and insert "\$2,220," so as to read:

Assistant clerk, \$2,220.

The amendment was agreed to.

Mr. WARREN. On the same page, in line 17, I move to amend by striking out "\$2,500" and inserting "\$3,000."

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 4, line 17, strike out "\$2,500" and insert "\$3,000," so as to read:

Interstate Commerce—clerk, \$3,000.

The amendment was agreed to.

The next amendment was, under the subhead "Clerical assistance to Senators," on page 6, after line 12, to insert:

Senators elected, whose term of office begins on the 4th day of March, and whose credentials in due form of law shall have been presented to the Senate, or filed with the Secretary thereof, are authorized to appoint the same number of clerical assistants, not to exceed four, at the same annual salaries, to which qualified Senators, not chairmen of committees, are entitled, whose compensation shall be paid out of the appropriation for clerical assistance to Senators.

The amendment was agreed to.

The next amendment was, under the subhead "Office of Sergeant at Arms and Doorkeeper," on page 6, at the beginning of line 26, to strike out "Assistant Sergeant at Arms, \$2,500."

Mr. CALDER. Mr. President, the position referred to in the amendment is filled by a man recommended by me. He is most efficient. He has held the position for the past four years. Of course, I have no notion as to what may happen to him in the future. He has, however, been very helpful in many ways. I

do not know the reason why the committee has recommended that the position be abolished. It has existed to my knowledge for the past eight years.

Mr. WARREN. Mr. President, will the Senator from New York allow me to interrupt him?

Mr. CALDER. Yes.

Mr. WARREN. Without entering into the merits of the officer or clerk referred to, for I do not know him personally nor am I familiar with his duties, the office was created at the time when Sergeant at Arms Ransdell was very ill and not able to attend to his duties. There was then a man who had been here a long time, by the name of Cornelius, for whom the office was created for the time being, and has been perpetuated since. The position was continued during the time when Mr. Higgins was Sergeant at Arms of the Senate and was filled subsequently on the recommendation of the Senator from New York, as he has stated.

Mr. CALDER. At any rate, I know the office has been filled for eight years, and for the past four years it has been very efficiently filled. The man who has held the position has been exceedingly useful to many Members of the Senate, and I am confident it would be a distinct loss to the permanent staff of the Senate if the position should be abolished. Of course, after I leave the Senate I do not know whether or not the present incumbent will be retained, but my judgment is that the office should not be abolished.

Mr. WARREN. I will say to the Senator from New York that in any event the office will remain in existence until the 1st of July next.

Mr. CALDER. I understand that even if the amendment shall be agreed to the man who holds the office will continue in office until the 1st of July next.

Mr. HARRISON. May I ask the Senator from New York if the office which is now sought to be abolished is the one held by Mr. Woodworth?

Mr. CALDER. It is.

Mr. HARRISON. My observation of Mr. Woodworth is that he is a most efficient and capable employee.

Mr. CALDER. I know that he is, and I therefore hope the committee amendment may not prevail.

Mr. McKELLAR. I wish to make the same statement in reference to Mr. Woodworth as has been made by the Senator from Mississippi [Mr. HARRISON]. I know Mr. Woodworth well. He is an efficient employee, and I hope the Senate will retain him.

Mr. CURTIS. Mr. President, I do not wish to enter into a discussion of this matter, but, as has been stated by the chairman of the Committee on Appropriations, the Senator from Wyoming [Mr. WARREN], this office was created a number of years ago in an emergency. We are advised, however, that the office of the Sergeant at Arms may be conducted very well without this additional help. I know the officer who at present occupies the place, and I know he has been capable and efficient, but if the office of the Sergeant at Arms may be run without the additional help, if we have an office here which is not needed, as has been ascertained in this instance, we, inasmuch as we are making an effort to reduce expenses, ought to be willing to begin to reduce them here in the Senate. So the committee have stricken the item from the bill, and I think the Senate ought to stand by the committee and reduce expenses to that extent in our own body.

Mr. FLETCHER. Mr. President, I think the Senator from Kansas is entirely right. It is not a question of our personal friendship at all; it is a question of reducing appropriations because the salary heretofore paid for the place has become unnecessary. I think the amendment should be adopted.

Mr. CALDER. Just another word. I know of no more useful place in the staff of this body than the one occupied by Mr. Woodworth, and I hope that the committee amendment will not prevail.

Mr. HARRISON. Mr. President, there is one thought which occurs to me, and that is if the effort is to be made to pass a ship subsidy bill and to keep Senators here to do it and they are to be forced to vote for such an obnoxious measure and it shall fail at this session and an extraordinary session be called, there will not only have to be a Sergeant at Arms but two or three Assistant Sergeants at Arms to bring Senators here in order to pass such a bill.

Mr. CURTIS. We shall take our chances on that, Mr. President.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

Mr. CALDER. I ask for a division, Mr. President.

The question being put, on a division the amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 7, line 4, to increase the number of messengers at \$1,800 each under the office of Sergeant at Arms and Doorkeeper from "37" to "38."

Mr. ASHURST. Mr. President, on page 7, line 4, of the bill I notice the words "including one for minority."

Mr. WARREN. May I say to the Senator from Arizona that there are two of those messengers for the minority, one having a certain salary and the other a somewhat lower salary.

Mr. ASHURST. Mr. President, I received a letter from a constituent about a month ago stating that he desired me to procure a position about the Senate as messenger or page or elevator operator for one of his relatives, who was a worthy young man. I wrote him in reply that in 1919, when the Republicans took charge of the Senate, they, of course, also took all the positions commonly called "patronage" and that such patronage was at the disposal of the Republican Senators but not at the disposal of Democratic Senators. However, I am advised that 10 places or positions have been allotted as "patronage" to certain Democratic Senators. I had expected to introduce a resolution in the Democratic caucus asking who on this side of the Chamber has received patronage at the hands of the Republican Senators. I now ask to be informed as to what particular Democratic Senators have been given the right to appoint persons to positions about the Senate?

Mr. CURTIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Kansas?

Mr. ASHURST. I yield.

Mr. CURTIS. It is impossible for me to give the names, but it has been the custom in the Senate ever since I have been a Member of it to allow the minority certain patronage. That patronage is assigned to the minority side, and the patronage committee of the minority, I presume, disposes of it just as it is distributed on the majority side.

Mr. ASHURST. Who make the appointments? I desire the names. I expect ultimately to find out and I shall not be deflected in my pursuit of this information.

Mr. CURTIS. I can give the Senator the names of the employees, but, of course, not being a member of the Democratic Party and not attending their conferences and not being on their committees, I can not tell him who make the selections.

Mr. ASHURST. I am advised that a patronage committee has made the appointments and we desire a list of the names.

Mr. McKELLAR. Mr. President—

Mr. ASHURST. I yield to the Senator.

Mr. McKELLAR. The Senator looks around at me, and so I want to tell him that I am not one of them.

Mr. ASHURST. Very well. There is the first admission.

Mr. SMITH. What does the Senator want especially to know?

Mr. ASHURST. I have been informed that places or positions have been assigned to the Democratic minority. The Senator from South Carolina says he knows nothing about it.

I shall content myself for the present with what I have said. If the Democratic leader will submit to me the list of names I shall be content. I hope that those who have been frequently in the public eye denouncing the Republicans are not also those who have been receiving patronage at the hands of the Republicans.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 7, line 10, to increase the number of skilled laborers under the office of Sergeant at Arms and Doorkeeper from four to five.

The amendment was agreed to.

The next amendment was, on page 7, line 13, to increase the compensation of three female attendants in charge of ladies' retiring rooms from \$720 to \$1,000 each.

The amendment was agreed to.

The next amendment was, on page 7, line 17, after the figures "\$650," to strike out "attendant for service in old library portion of the Capitol, \$1,500."

The amendment was agreed to.

The next amendment was, on page 7, at the end of line 24, to reduce the total appropriation for the office of Sergeant at Arms and Doorkeeper from "\$158,300" to "\$157,580."

The amendment was agreed to.

The next amendment was, on page 8, line 22, after the words "Vice President," to insert "to be immediately available," so as to read:

For driving, maintenance, and operation of an automobile for the Vice President, to be immediately available, \$3,000.

The amendment was agreed to.

The next amendment was, on page 21, line 10, after the word "third," to strike out "session" and insert "and fourth sessions," so as to read:

For preparation, under the direction of the Committees on Appropriations of the Senate and House of Representatives, of the statements for the third and fourth sessions of the Sixty-seventh Congress, showing appropriations made, new offices created, offices the salaries of which have been omitted, increased, or reduced, indefinite appropriations, and contracts authorized, together with a chronological history of the regular appropriation bills, as required by law, \$4,000, to be paid to the persons designated by the chairmen of said committees to do the work.

The amendment was agreed to.

The next amendment was, under the subhead "Capitol Buildings and Grounds," on page 22, after line 17, to insert:

For special repairs to the Senate Chamber, including extension of ceiling skylight, painting, reconstruction of air chamber under floor, and for new flooring, to be immediately available, \$31,385.

The amendment was agreed to.

The next amendment was, on page 23, after line 14, to insert:

For painting and renovating Senate Office Building, and for all purposes connected therewith, to be immediately available, \$55,370.

The amendment was agreed to.

The next amendment was, on page 23, after line 17, to insert:

For 100 woven-iron storeroom cages, attic floor, Senate Office Building, to be immediately available, \$16,180.

The amendment was agreed to.

Mr. FLETCHER. May I inquire of the Senator what are contemplated by those two amendments, the first being for painting and renovating the Senate Office Building? Does that mean the outside of the building?

Mr. WARREN. Mr. President, the chairman of the Committee on Rules is present, and I will ask him to explain that item.

Mr. CURTIS. As the Senator from Florida knows, the Senate Office Building has not been painted since it was erected. A number of Senators have come to me, as chairman of the Committee on Rules, and requested that I take such steps as might be necessary to have the rooms painted inside and such other painting done as could be done within the amount proposed to be appropriated. I asked for an estimate and received it, and the committee put in an appropriation to cover the amount. With that appropriation we want to have done as much painting as possibly can be done, and we hope to be able to finish the entire building, but the rooms will be painted inside first, so that the rooms of Senators will be repainted for the first time in 12 or 14 years.

Mr. FLETCHER. What is the meaning of the "woven-iron cages"?

Mr. CURTIS. I suppose the Senator knows that a great many of the Senators desire to keep their old letter files, and they desire space in which to put them. They now are in rooms from which we may be able to remove them to make additional rooms for Senators; and by putting steel cages in the attic we can have one for each Senator. That has been done in the House Office Building, and has proven very satisfactory. The Members of the House are greatly pleased with the accommodations that have been given them, and we thought we would give the Senators the same accommodations. There will be one for each Senator and four extra.

The VICE PRESIDENT. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, under the subhead "Library Building," on page 33, line 17, after the word "one," where it occurs the first time, to strike out "\$2,000" and insert "\$2,250"; in line 24, before the word "each," to strike out "\$480" and insert "\$720"; and, on page 34, at the end of line 3, to strike out "\$72,465" and insert "\$73,195," so as to make the paragraph read:

Salaries: Administrative assistant and disbursing officer, \$3,000; clerks—1 \$2,250, 1 \$1,600, 1 \$1,400, 1 \$1,000; property clerk, \$900; messenger, \$840; assistant messenger, \$720; 3 telephone switchboard operators, at \$720 each; captain of the watch, \$1,400; 2 lieutenants of the watch, at \$1,000 each; 22 watchmen, at \$900 each; foremen of laborers, \$900; 16 laborers, at \$660 each; 2 book cleaners, at \$720 each; laundress, \$660; 2 attendants in ladies' room, at \$720 each; 4 check boys, at \$360 each; mistress of charwomen, \$425; assistant mistress of charwomen, \$300; 58 charwomen, at \$240 each; 4 elevator conductors, at \$720 each; 3 skilled laborers, at \$720 each; in all, \$73,195.

The amendment was agreed to.



Mr. WARREN. Mr. President, I have an amendment on the part of the committee to add to the language which appears on page 34, lines 15 and 16.

The VICE PRESIDENT. The amendment will be stated.

The READING CLERK. On page 34, lines 15 and 16, it is proposed to strike out "Cashier and paymaster, \$2,500" and to insert in lieu thereof the following:

disbursing clerk, \$2,500: *Provided*, That the disbursing clerk of the Government Printing Office hereafter shall be charged with the receipt and disbursement of all moneys for said office in accordance with the provisions of law relating to the Public Printer and other disbursing officers of the Government, under such bond and rules as the Secretary of the Treasury shall prescribe; and thereafter the Public Printer shall give a bond in the sum of \$25,000 for the faithful performance of his duties.

The amendment was agreed to.

Mr. SMOOT. Mr. President, on page 34, line 11, following "Government Printing Office," I offer on behalf of the committee the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The READING CLERK. On page 34, after line 12, subhead "Office of Public Printer," it is proposed to insert the following:

The Public Printer may hereafter employ such number of apprentices as in his judgment will be consistent with the economical service of the office.

Mr. McKELLAR. Mr. President, my attention was temporarily distracted a minute ago. Will the Senator state what that amendment is? I beg his pardon for asking him to repeat it.

Mr. SMOOT. Yes; I will read the amendment to the Senator and then explain briefly what it is for.

The amendment reads:

The Public Printer may hereafter employ such number of apprentices as in his judgment will be consistent with the economical service of the office.

The provision of the printing act of 1895, Twenty-eighth Statutes, page 608, reads as follows:

The Public Printer may employ such number of apprentices, not to exceed 25 at any one time, as in his judgment will be consistent with the economical service of the office.

Mr. McKELLAR. Is there a limitation put upon this provision?

Mr. SMOOT. There is no limitation put upon this.

Mr. McKELLAR. Are they to be under the civil service?

Mr. SMOOT. They are all under the civil service.

Mr. McKELLAR. Are they required to be under the civil service?

Mr. SMOOT. Yes.

Mr. McKELLAR. Would it not be better for the Senator to put some limitation upon them?

Mr. SMOOT. All of the employees of the Government Printing Office are under the civil service.

Mr. McKELLAR. But would it not be better to put a limitation on the number, instead of just giving the Public Printer an unrestricted right to appoint as many as he wants?

Mr. SMOOT. No. I will say to the Senator that if the Government Printing Office had the same proportion of apprentices that the labor organizations of the country allow in all of the work in which they have an interest there would be over 400 of them now in the Government Printing Office. This limit of 25 was made at a time when the number was very much smaller. I thought the statement of the Public Printer stated the exact number, but he says:

At that time—

That is, at the time of the passage of the law to which I have referred, in 1895—

there were a comparatively small number of employees in the Printing Office, a few hundred, as compared with the 4,000 and over now.

Mr. McKELLAR. And how many apprentices are there—only 25?

Mr. SMOOT. There is a limit of 25. I want to state to the Senator that they have the training of apprentices in the Government Printing Office, and they have complete four-year courses. The first period of the printing course is one month and the second period is so many months. There are 12 periods covering the four-year course. Then they have the pressman's course there, and the next course is the platemaker's course, and the bookbinder's course, and the machinist's course.

Mr. McKELLAR. What rate of pay do they get?

Mr. SMOOT. It is right in the office itself. They take the boys that have come in there and worked around and made themselves proficient and want to learn the trade, and they have that course to educate them, so that they go right in and take places in the office as they become vacant.

Mr. FLETCHER. May I ask the Senator a question? Does he not give an opportunity for some of the ex-service men to be trained here?

Mr. SMOOT. Yes.

Mr. FLETCHER. So that it relieves the vocational training work?

Mr. SMOOT. Yes. There is not a better place in the world to train any of the ex-soldiers than right in that office, and that is what we want to do.

Mr. FLETCHER. In reference to the amount of pay, I think usually they get about 25 cents an hour, which is, of course, very much less than the full pay.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### INTERALLIED DEBTS AND GERMAN REPARATIONS.

Mr. HARRISON. Mr. President, I ask unanimous consent to have printed in the Record some very interesting information. Here is a letter which I have received from the president of the Southern Commercial Congress which explains the matter. The letter states that—

The Southern Commercial Congress organized an International Trade Commission, representative of all sections of the United States. Investigations were made in France, Belgium, Holland, Germany, Switzerland, Italy, and Great Britain.

The commission was nonpartisan, its membership being about evenly divided between our two great political parties.

Herewith I am sending you a copy of the preliminary report; the complete report with a digest of the conditions in the various countries visited by the commission; a set of amortization tables given as a suggested basis for the settlement of the interallied debts and the German reparations, together with letters from members of the American and British commissions and a copy of the resolutions adopted by the Southern Commercial Congress at the fifteenth annual convention held at Chicago, Ill., December 20-22, 1922.

This material is respectfully submitted for the information of the public, and is delivered to you, with the request that you present it for publication in the RECORD or as a separate congressional document for the information of the American people.

I have here a letter from the Secretary of the Treasury, one from the Secretary of State, and one from Hon. Stanley Baldwin, British debt commissioner. The matter is not very long. It is information which this commission procured in Europe. I do not vouch for it; I would not offer it except I know the character of the men who obtained the information; and the public is entitled to read it for what it is worth. So I ask unanimous consent to have it inserted in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The matter referred to is as follows:

(Letter from Hon. A. W. Mellon, Secretary of the Treasury.)

NOVEMBER 4, 1922.

CLARENCE J. OWENS, Esq.,

President the Southern Commercial Congress,  
Southern Building, Washington, D. C.

DEAR SIR: I beg to acknowledge your letter of October 31 inclosing copy of the preliminary report of the International Trade Commission which was assembled by the Southern Commercial Congress.

I note that a copy of the final report will be sent immediately after November 20, when it is to be released.

I also note your offer to send a complete report as to a plan of amortization, and beg to say that I should be glad to receive the same.

Thanking you, believe me, yours very truly,

A. W. MELLON, Secretary.

(Letter from Hon. Charles E. Hughes, Secretary of State.)

NOVEMBER 14, 1922.

Mr. CLARENCE J. OWENS,

President the Southern Commercial Congress,  
Southern Building, Washington, D. C.

MY DEAR MR. OWENS: I regret that on account of the pressure of work in the department I have been unable before this to acknowledge the receipt of your letter of October 31, inclosing a copy of the preliminary report of the International Trade Commission assembled by the Southern Commercial Congress. I am deeply interested in the important subjects to which this report refers, and I appreciate your courtesy in sending me a copy.

Sincerely yours,

CHARLES E. HUGHES.

(Letter from the Hon. Stanley Baldwin, Chancellor of the Exchequer and chairman of the British mission of Great Britain to the United States.)

SHOREHAM HOTEL,  
Washington, January 15, 1923.

Mr. CLARENCE J. OWENS,

DEAR MR. OWENS: I am very grateful to you for being so good as to furnish me with a copy of the preliminary report of the International Trade Commission of the Southern Commercial Congress, together with amortization tables for the payment of the debts of nations, including German reparations.

I should like at once to express my admiration of the careful research and mature thought which have been brought to bear upon questions of great intricacy and difficulty.

It was a great pleasure to me to have the honor of a conference with you and the advantage of being favored with the impressions you have derived as a result of your extended tour in the Continent of Europe.

Yours sincerely,

STANLEY BALDWIN.

#### PRELIMINARY REPORT OF THE INTERNATIONAL TRADE COMMISSION.

The International Trade Commission assembled by the Southern Commercial Congress has returned to the United States after an extended tour of inspection in Great Britain, France, Belgium, Holland, Germany, Switzerland, and Italy.

Courtesies were invoked for the commission by the State Department and the Department of Commerce of the United States, and every facility was granted for the successful prosecution of the work by the agencies of the United States in the countries visited and by the governmental and business organizations and offices of these countries.

The commission is preparing a comprehensive report for presentation to the Fifteenth Annual Convention of the Southern Commercial Congress, to be held in Chicago, November 20 to 22, and for presentation to the Congress of the United States in December. The report will be offered for publication by Congress for the information of the American people.

The American commission assembled by the Southern Commercial Congress in 1913 submitted a report on which was based the Federal farm loan act, and the commission will in the present report submit clear-cut recommendations, the result of first-hand observations, on the fundamental problems in the international relations that react as barriers to direct trade and financial intercourse.

The commission has divorced its work absolutely from national and international politics, and without fear or favor has sought to view the problems and suggest the remedies with an eye single to the economic betterment of the world, the extension of American business, and the sane reconstruction of the stricken nations of Europe.

As a preliminary statement the commission has authorized a brief announcement of conclusions on the fundamental problems that in each country was found to be the absolute barrier that must be removed before the minor questions will admit of solution. The statement, adopted unanimously, is as follows:

"Notwithstanding the treaty of Versailles and the low economic stature of European nations, Europe is more nearly on the verge of military conflict than at any period immediately preceding the World War.

"The Belgian compromise is purely temporary, and unless some solution of the problems is reached prior to the expiration of the six months' period the conditions in Europe will be infinitely worse.

"The fundamental problem is that of the settlement of the war debts and reparations. The settlement can not be handled piecemeal, but must include all the nations parties to international financial obligations. America, as a creditor nation to the amount of \$10,000,000,000 plus accrued interest, must see that its interests are protected in the contract of settlement.

"France and Belgium base their entire program of reconstruction and rehabilitation and the return of exchange to an approximate normal status upon German reparation payments. They say, 'Germany must pay.'

"Germany, with its gold and securities of value out of the country, with apparent financial collapse but with an almost frenzied agricultural and industrial activity in production, boldly claims that the treaty of Versailles must be amended that Germany may be free to compete economically and commercially with other countries of the world, and claims that 'Germany can not pay anything like the sum demanded nor at all until she is free to export.'

"Holland, as a neutral observer, agrees that Germany can not pay, and plainly says that the economic future of Holland is bound up with the fate of Germany. They say if Germany succeeds, Holland will prosper; if Germany fails, Holland will suffer.

"Italy has more nearly balanced her budget and England has balanced hers. These nations do not maintain that their economic future is dependent upon German reparations. However, both nations have their heavy exterior debts and both expect Germany to pay an adequate amount.

"If a settlement is reached, and a settlement must be reached if the peace of the world is to be restored and guaranteed, then two basic considerations must be understood and accepted, viz:

"1. America can not cancel the debts of the nations, but all nations must ultimately pay their obligations with dignity and honor.

"2. The World War is ended, and while hate and anger is still in the hearts of many, the settlements between nations formerly belligerent must be on a basis of mutual respect and consideration.

"Two words contain the solution of the world's problems in the international settlement in this hour of unhappy and chaotic uncertainty. They are 'moratorium' and 'amortization.' Let no nation ask for its debts to be forgiven, but only for time and patient consideration. The former Allies must pay the United States. Germany must pay reparations obligations, but amendments to the treaty of Versailles must be agreed upon giving Germany the opportunity of free competition economically with all nations, and France and Germany must have guarantees of freedom from molestation and military attack.

"If there was adequate reason for a six months' moratorium, there will be greater reason for a longer extension to the expiration of the period. A moratorium of a longer and absolutely definite period must be accepted. If America as a creditor nation attempts to force payments from the nations of Europe, the result would be disastrous, and if the former Allies attempt to force the defeated nations beyond the ability to pay, it would be equally disastrous and would inevitably lead to armed conflict.

"The nations must agree around the table to an amortization scheme of settlement. America might generously agree to reduce the interest rate lower than 4 1/2 per cent and permit one-half of 1 per cent of the interest agreed upon to go to amortize the loan of \$10,000,000,000, and thus with the payment of the interest and the amortization annually the debts would be eventually paid. It is evident that 25 years is altogether too brief a period to amortize the debts.

"The American farmer who under the Federal farm loan act gets his loan for 3 1/2 years understands this principle, and Germany, the country that achieved most in building internal economic power prior to the World War, accomplished the result by the application of the

amortization principle. Germany should be given the same opportunity to amortize the reparations as is extended to the countries of Europe by the United States and England in the settlement of the interrelated war debts. Close study of European finances indicates the need for a long amortization period and a low annual payment. It is the principle and not the rate that offers the solution.

"A standardized plan should be adopted speedily by all nations in conference. The plan should be based upon common sense and even justice. The program of disarmament with guarantees of peace would naturally be a vital element in the contract of settlement."

CLARENCE J. OWENS, Washington, D. C., Chairman.  
EMMETT W. GANS, Hagerstown, Md., Vice Chairman.  
RALPH METCALF, Tacoma, Wash., Secretary.

#### REPORT OF THE INTERNATIONAL TRADE COMMISSION.

At a conference in September in Berlin, where the American Trade Commission was studying economic and financial conditions, Doctor Bucher, managing director of the Great Federation of German Industries, said:

"Germany and England must export manufactures and import food and raw material. The United States has within itself all food and raw material that is needed."

Doctor Bucher spoke the truth but not all of the truth. The United States produces a surplus of agricultural products as well as manufactured goods which must find a foreign market. This surplus is comparatively small, but it figures in billions, and its economic effect must be considered.

The inability of many American farmers during the past two years to market their crops at a satisfactory profit, or even to secure a return covering the actual cost of production, is due to lack of a foreign market for our surplus products.

Upon applying to the Federal Government for comparative figures of exports of manufactures and agricultural products to total production the commission was advised as follows:

Unfortunately figures for production and foreign trade are not compiled on a comparable basis, and no figures are immediately available. One of the most carefully worked-out estimates, published by the Harvard Review of Economic Statistics, finds a percentage of exports to total production of exportable goods in 1909 of 7.9 per cent, 1914 of 8.5 per cent, and 1919 of 13.4 per cent. Another estimate made by Dr. B. M. Anderson shows figures of 9.3, 9.7, and 16.01 for the three years, respectively. These two estimates are supposed to include all commodities. A third estimate made by the Federal Reserve Bank of New York, based on 101 representative commodities, shows 4.07, 6, and 7.9 per cent, respectively. It can not be said that there is any one absolutely accurate ratio between domestic and foreign trade. The Harvard Review further figures that in the fiscal year 1920 we exported 45.6 per cent of our tobacco production, 39.3 per cent of copper, 32 per cent of cotton, 21.1 per cent of wheat, 17.5 per cent of pork, 10.6 per cent of beef, 5.7 per cent of anthracite coal, and 5.1 per cent of commercial automobiles. The value, in billions, of products, exports, and imports in 1909, 1914, and 1919 is as follows:

	1909	1914	1919
Agricultural crops.....	5.49	6.11	15.87
Animals and animal products.....	3.01	3.78	8.96
Minerals.....	1.89	2.12	4.65
Manufactured products.....	8.53	9.88	23.90
Exports.....	1.70	2.07	7.75
Imports.....	1.48	1.79	3.90

The Federal Reserve Bank of New York states that "despite the tremendous drop in both value and volume of our exports in 1921 the ratio to total production was actually greater not only than the notoriously 'boom' year previous, but also greater than any other year during the past generation. We did a better foreign business in 1921, a calamity year, than in any previous recent year—better probably than in any previous year." The bank shows a steadily increasing per cent of exports to production, from 4.47 per cent in 1910 to 6.10 in 1913, 6.52 in 1916, 7.91 in 1919, and 8.40 in 1920, with an increase of almost double in 1921.

These statistics also disprove the startling warning of James J. Hill, when he said in an address at Tacoma, Wash., in 1908:

"In 10 years there will not be a ship sail out of this harbor to cross the ocean. We shall have no flour and grain to ship; we shall be importing wheat; and in 25 years we shall face a nation-wide famine."

Although this address was declared by Sir Horace Plunkett, one of the leaders of agricultural thought among English-speaking people, "one of the most important speeches ever delivered by a public man upon a great public issue," it is obvious that world conditions and improvement in the methods of production and agricultural finance in the United States have very materially affected Mr. Hill's prophecy, or at least have deferred its realization. So far from facing a famine, the problem of the United States to-day is to find a satisfactory market for its surplus products.

The initial step, to follow recognition of a condition, is a first-hand, accurate collection of the facts, to be followed by a scientific study of the facts collected and all conditions at home and abroad that enter into the problem, in the certainty that out of it will come knowledge, and in the light of knowledge better conditions should follow.

Because of our failure to grasp trade opportunities to the South, Europe is the greatest available market for our surplus, and to make the necessary collection of the facts about European conditions by personal study the International Trade Commission was assembled by the Southern Commercial Congress.

The Southern Commercial Congress was organized in 1837 and for the past 14 years has maintained permanent headquarters at Washington. The slogan of the Congress is, "For a greater Nation through a greater South." Its activities have been nation-wide, and upon its invitation the governors and representative men in all branches of American business in the States of the North, East, and West have cooperated cordially.

In 1913 the Southern Commercial Congress organized an American commission on rural credit and agricultural organization, which at that time was the great problem the United States was facing and refusing to consider, composed of 118 men, 60 of them official delegates commissioned by governors of 29 States and premiers of 4 Canadian



Provinces. This commission studied in every country in Europe except Portugal and the Balkan States, where war was then raging. Based upon its investigation and report there have been enacted many State laws for the benefit of the farmer, and the Federal farm loan act, under which there are in operation 12 great regional banks and more than 4,000 farm-loan associations, with loans of more than \$800,000,000 to farmers on long time and low rate of interest on the amortization plan. This law has established in America the principle that 1 per cent added to the rate of interest will cancel the debt in 69 semiannual payments, or 34½ years.

General Pershing is responsible for the statement that when America entered the World War emergency legislation was required for the Army and Navy, for shipping, for practically every governmental activity, but the Federal farm loan act was already in operation and needed no further legislation to enable our farmers to produce food for our Army and Navy, for our country, and, to a large extent, the Allies. There have been other nation-wide achievements by the Southern Commercial Congress of less magnitude, but also of great importance.

The International Trade Commission assembled at New York on August 18 last and sailed on the following day on the steamer *Homeric*. Every part of the country, from the Pacific coast to New England and from Ohio to Alabama, was represented. The members held appointments from the Governors of Tennessee, Missouri, Ohio, Maryland, Virginia, Pennsylvania, Alabama, Washington, North Carolina, New Hampshire, Georgia, and from the Southern Commercial Congress.

The commission included growers, manufacturers, exporters, bankers, executives of commercial organizations, and other fields of industry. There were several ladies, who were commissioned by the governors of various States because of their activity in women's clubs and public affairs. The commission was about evenly divided between the two great political parties, and its investigation and findings have been absolutely without consideration of national or international politics.

The commission studied the European problems and ventures to suggest remedies, with an eye single to bringing order out of existing chaos, that the enormous debts due to America from Europe may be paid and increased markets may be developed for the extension of American business through the economic betterment of the world, sane reconstruction of the stricken nations, and stabilization of their currency and finances.

The commission landed at Cherbourg and studied in Paris, France; Brussels, Belgium; The Hague, Amsterdam, Rotterdam, Holland; Berlin, Germany; Lucerne, Zurich, Switzerland; Milan, Venice, Rome, Italy; returning to Paris and thence to London.

Investigation was attempted to be made in the following fields:  
Europe's needs as to raw material and manufactured products.  
Europe's ability to pay and Europe's need of American credit.  
Export information.  
Import information.  
The sources of information consulted were:  
Diplomatic and consular officers of the United States.  
Trade commissioners of the United States Department of Commerce.  
Ministries of commerce of European countries.  
International chambers of commerce in European countries.  
American Express Co., European offices.  
Independent agencies of information, including (a) individuals, (b) organizations.

Courtesies were invoked for the commission by the State Department and the Department of Commerce of the United States and every facility was granted for the successful prosecution of the work by the agencies of the United States in the countries visited and by the governmental and business organizations and interested individuals in these countries.

Conferences were held in every city visited and the officials and agencies heretofore enumerated called to testify before juries of inquiry. The commission met with no refusal nor hesitation to testify, but in every country with a full and frank statement of facts and conditions from the viewpoint of the witness.

A number of valuable reports and documents prepared by the United States Diplomatic and Commercial Service and by officials and economists of the various European countries was received by the commission and incorporated in its records.

In seeking to learn existing trade and financial conditions and any barriers to extension of American trade that may exist, in every country except Italy the answer both of foreign officials and financiers and of American diplomatic and commercial representatives and of Americans in business, there resident, invariably led back to the German reparations and the allied debts to the United States.

Before leaving France, the first country visited, it became evident that these problems were fundamental and must be settled before the question of trade extension can be intelligently considered.

Another startling fact impressed itself, the psychological aspect of the situation. It is difficult for Americans to understand that notwithstanding the Versailles treaty, Europe is more nearly on the verge of war than at any period immediately preceding the World War. In France the dominant feeling, permeating everything and every man, woman, and child, in the air, in conversation, in business, even in the press, is fear—fear of another attack by Germany, a Germany whose soil war did not touch, a Germany with every factory in frenzied operation, the great Krupp works running full shifts, and scientists in their elaborate laboratories designing or already preparing new devilish gas or chemical, which dropped from above will doom to instant death an army or a city full or a countryside. And Germany, a far greater and more powerful nation than France, emphasized by memories of the debacle of 1870. That is the unquestioned situation in France to-day notwithstanding the treaty provision limiting Germany to an army of 100,000 men and equipment and munitions for no more, while France has 800,000 men under arms. It is not good for the morale of the nation or the world; it is not conducive to peace nor to a reasonable consideration of the great problems that must be faced and solved to-day and upon a just solution of which the welfare—to say the least—of the world, including the United States, depends.

Not only that she needs the money, because she already has spent it, lavishly, extravagantly, relying upon payment in the immediate future of money that by no physical possibility can be paid for years and never in the sum fixed by the Reparation Commission, but also and more emphatically because of this fear which demands that Germany shall be crippled and dismembered and prevented from re-establishing herself, France declares that Germany must pay and shall pay the entire 132 billion gold marks and shall make the pay-

ment specified when the present temporary moratorium, resultant from the Belgian compromise, expires. France even suggests that it is the duty of the United States to aid in forcing Germany to make this payment, for if this payment fails, then France will fall, and with France, civilization. But before the crash comes, a million French soldiers will march into the Ruhr district. There are wise heads in France who realize the futility of this threat and the impossibility of Germany meeting the requirements.

One representative of the French Government has even whispered that the hope of France in insisting upon the letter of the treaty is not to force payment in full but to compel a dissolution of the former great German Empire into its constituent, free-from-military federation. This is a secret of the innermost circle, but the statement has been made on very high authority.

There are some who are optimistic enough to believe that there is a forlorn hope that, without German reparations, the indomitable spirit and wonderful thrift of France may pull her through; but we have not exaggerated the attitude of France, as impressed upon the commission by officials, financiers, representatives of commerce and industry, and quite "out Frenching" the French, to paraphrase one of the clever epigrams of Poincaré, by American diplomats and officers and directors of the American and International Chambers of Commerce. And, of course, America must give up all thought of expecting any payment of the allied debts. This latter is not expressed by official France but is the overwhelming sentiment. No provision for such payment is given consideration in preparing the budget.

The attitude of Belgium—Government, industry, finance, people—is a simple ditto. If Germany fails to pay the last mark named in the reparations demand, and at the appointed time, then France and Belgium fall, and civilization goes back to the Dark Ages—and civilization includes the United States.

Holland says these demands can not be met; Germany must be given a chance to get back on her feet; for Germany is Holland's hinterland, and if Germany falls—and fall she must, and soon unless given a breathing spell—then Holland falls, too, and with them all Europe.

The commission was assured by the United States ambassador at Berlin that it was idle to ask for the attitude of Germany, for there were as many different attitudes as there are German people—about 60,000,000. Still, the attitude of Germany is sufficiently clear. Germany, with its gold and securities of value safe in neutral lands, with worthless paper currency and apparent financial collapse, but with a frenzied agricultural and industrial activity in production, declares that the treaty of Versailles must be revised so that Germany may be free to compete in the world's markets—that Germany can not pay anything like the preposterous sum demanded, nor at all until she is free to import raw material and to export manufactured goods. Germany can live and gradually rebuild her shattered economic structure and pay a reasonable reparation in due time, but only if she be allowed to export. Germany must keep her factories running and her workers employed or the Russian revolution looms near. She has a short crop and raises only food enough to feed her people for seven months. She must import food for five months. She has left 1,000,000,000 gold marks. If she pays this into Belgium, as demanded, she can no longer buy raw materials abroad, for her paper currency is of no value except within her borders. Nor can she buy food next spring to avert threatening famine when her own production is exhausted. Without raw material, with her hundreds of thousands out of work and starving, no power can prevent a bloody revolution and Bolshevism. The Versailles treaty makes it impossible for Germany to build up foreign trade, upon which payment of reparations depends. The treaty must therefore be revised. You can not take away a man's tools and the material upon which he works and expect him to go on with production, from the sale of which he must pay his bills. He can not.

If France marches an army into the Ruhr district, Germany will fight; there is no other alternative; it is for life. If the Allies prevent Germany from doing business with the West, she will look to the East. There is a great storehouse of raw material and food; there is an army in the making that can overwhelm Europe under veteran German commanders; Russian industry in trained German hands. This is whispered; aloud it is emphatically declared: "Germany will look to the East."

Hugo Stinnes, the head of German finance and industry, closed a contract while the commission was in Germany to expend 13,000,000,000 francs in reconstruction in the devastated area in France, to apply on reparations. This proposition was gladly approved by France. It was only a day or two before it was whispered in Berlin that the hidden political purpose of this move overshadowed its surface intent. It is no secret that Stinnes has his agents all over Russia. It is true that they have failed in some of their efforts, and this has been played up in the newspaper press; but it is also true that Germans, directed by Stinnes, are gradually getting into control or at least into direct contact with Russian industry and commerce. Had Stinnes proposed to go into Russia on so tremendous a scale as he has in the devastated regions in France, France would have shouted an emphatic "No." But France has very cordially approved the Stinnes contract; how can she even criticize a contract in Russia, a Russia that owes France a billion dollars of borrowed money and other billions on investments now worthless? And what does a German-Russian military alliance mean to the peace of Europe—and that unquestionably includes the peace of the world.

This summary of the attitude of Germany is accurate, so far as the judgment of the commission may go. What keeps Germany stirred up and resentful is the occupation by French colored troops, who, it is emphatically declared, were at the outset, but are not at the present time, guilty of outrages. This attitude is not good for the morale of Germany nor of the world; it is not conducive to peace nor to a reasonable consideration of the great world problems that must be solved without further futile dalliance.

Switzerland, or a considerable part of it, sympathizes with Germany. The hotel or tourist industry is actually the principal industry of Switzerland. Germany furnished a good percentage of the Swiss tourists, and now practically none, because the Germans who were formerly wealthy are now bankrupt. Germans can not pay foreign hotel bills in paper marks. The hotels were in such bad condition financially that they were about to close. To prevent this the Government stepped in and saved its leading industry by dipping into the treasury and handing out a sufficient bonus to make up the deficit. And so Switzerland very generally and very naturally wants Germany to be given a breathing spell and a chance for new life.

There is, of course, no question of the ability of the British Empire to pay its debts. The four billions the United States loaned England

is an absolutely sound investment so long as the American Government keeps its head. England can pay and will pay. The payment of \$50,000,000 of interest this month guarantees this. The British Government maintains an absolutely impeccable position. "Hands across the sea" really guarantees the peace of the world. And still the British press and the British public rather more than hints that the United States made billions out of the war and now has most of the gold of the world; that America was quite as vitally interested in quelling the world-dominion ambition of Germany as Britain or France; and that the billions loaned to Europe were for America's defense and should be wiped off the slate, or very materially reduced. A very high authority said to the officers of the commission in London—an authority so high that it can not be quoted: "This payment of \$50,000,000 interest is merely a gesture. England says that, of course, she can pay and will pay to the uttermost farthing. But poor France, poor Belgium, poor Italy, they can not pay a dollar and never will be able to. America must remember that France and Belgium and Great Britain fought her fight for her and saved her from the Hun. England will pay, but France and Belgium and Italy, they can not pay one dollar. America must cancel these debts and charge it to national protection. And then what? England knows that if the United States cancels the debts of France and Belgium and Italy it must accord to Britain exactly the same treatment. If you know your Bible, you will remember Uriah. Britain has had centuries of training in the intricacies of diplomacy. With full consideration of and sympathy with "Hands across the sea," it is the judgment of the commission that the basic principle of England is "England first and always," and that there is some foundation for the statement of the very high authority above quoted.

Whether the cause for its attitude upon German reparations, diametrically opposed to that of France, be selfish or merely wise, Great Britain's position that Germany can not pay the sum demanded and must be given a chance to recuperate is sound. The declaration made in France that Britain is merely pursuing her time-honored policy of dividing the continent so as to prevent the development of too strong a rival, and is encouraging Germany to make no attempt to pay, in order to cripple France, is hysteria merely.

London has been the center of world finance for generations and economic principles are understood. Despite rivalry and suspicion, prior to the World War Germany and Britain were each the largest customer of the other. The severe depression in British agriculture is ascribed by every authority consulted to a glut resultant from the shutting off of the German market. England realizes that a return to normalcy in Europe is dependent upon the restoration of sound economical and financial conditions in Germany. Here, as elsewhere, these problems are fundamental.

Italy was the only country where we found a different viewpoint. Italy has cleaned house. The assumption of political power by the Fascists since the commission left Italy does not at all affect the situation. The Fascists rather overdo it, but the Fascist stand for loyalty to Italy, loyalty to the King—who is democratic and clear thinking—and for law and order.

Italy has handled the threat of communism and socialism boldly and forcefully through the Fascists and has demonstrated to the local I. W. W.'s, to paraphrase the deathless words of Garfield, "God reigns and the government at Rome still lives." Italy has molded her financial policy upon close economy and progressively high and yet higher taxation. In Italy alone of all the European countries visited, the fundamental problems of German reparations and of the allied debts were not referred to in any conference with Government officials and financial and commercial representatives.

These are the problems upon which the peace and welfare of the world depend—the German reparations, the allied debts. The International Trade Commission has not attempted to evade these fundamental questions. It has endeavored to study them from the standpoint of every country visited, and with a clean mental slate to grasp the situation, and has even assumed to suggest the remedy. It is very clear that the extension of American trade with Europe—the object of the commission—hinges, as does every world question, upon a right solution.

Just before leaving London for the home voyage, the officers of the commission, in conference with perhaps the leading representative of American financial interests in Europe, said, "It is, of course, presumptuous for a score of everyday Americans to come over here for a few weeks and take upon themselves the troubles of the world." The answer was this: "Not at all. That is the wrong viewpoint. These people have been muddling along for four years. Nobody has suggested a way out, and nobody has thought of it. They are simply preparing for the next war. A solution must come, and it must come now. A constructive plan is needed; you have offered it. Your recommendation is sane, feasible, and practicable and should be promptly acted upon by the Congress."

Restoration of normal trade conditions and increased market for America undoubtedly depend upon a sane settlement of German reparations and the allied debts. Germany must pay a reasonable sum for reparations—as great a sum as is within her economic possibility. To demand a sum that could not conceivably be paid by any nation, more money than there is in the world, and at the same time to impose conditions that prevent Germany from paying, does not evade the question; it makes an answer impossible. The sum demanded from Germany—a sum incomprehensible before the World War changed our computations from thousands to billions—must be reduced to a figure that Germany can conceivably pay in time. No figure of billions upon billions could possibly make reparation for the moral as well as physical loss to the world caused by the World War, which must be laid at the door of Germany. If Germany could be forced to and could work out and pay unlimited billions, there would be no serious problem. If the United States could build a wall around its boundaries and live unto itself, ignoring the rest of the world, these problems would have only a passing interest for us. Germany can not pay the sum demanded; the United States can not live unto itself without an economic readjustment that is utterly unnecessary and that would entail years of financial loss and unemployment.

A few weeks ago President Harding said: "The first duty is to protect our national interests, but in many ways real protection comes from cooperation with other nations. The best intelligence of the day recognizes the need to encourage intimacy and understanding in the social, economic, and political family of nations, and it recognizes that thus inaugurating a plan which looks to intimate consideration of the facts we are offering a means of true unification and solidarity among the interests which make up

our industrial civilization and we are taking a step toward the solution of some of the most perplexing economic problems which confront the nations.

"The last thing in our thoughts is aloofness from the rest of the world. We wish to be helpful, neighborly, useful. To protect ourselves first and then to use the strength accruing through that policy for the welfare of mankind is our sincere purpose."

Following this declaration of the attitude of the American Government toward world problems the International Trade Commission has ventured to "inaugurate a plan which looks to intimate consideration of the facts" upon which the peace and welfare of the world depend and "offers a means of true unification and solidarity among the interests which make up civilization and is a step toward the solution of the most perplexing problems which confront the nations. We wish America to be helpful, neighborly, useful. To protect ourselves first and then to use the strength accruing through that policy for the general welfare of mankind."

In an address at Boston, October 30, Secretary Hughes declared the foreign policy of the administration to be a policy of helpfulness and good understanding, without entanglements which would fetter American independence. He characterized the arms conference as meaning the rescue of the world from despair. He closed by saying: "There is no reason why we should fritter away our helpful influence by becoming a partisan of another party to a conference, much less make the fatal mistake of attempting to assume the rôle of a dictator."

This is sound principle. Just as the United States rescued the world from despair by calling the Washington conference, so it can save the peace of Europe and of the world and bring sane reconstruction out of chaos by inviting the allied nations and Germany to another like conference of Government officials and leading financiers and economists, which shall solve the problems of German reparations and allied debts, shall pave the way for reduction of armaments, insure payments of reparations and of the debts, give America increased markets in Europe, stabilize exchange to some degree, and reduce the burden of taxation that now hangs heavy over the American people.

On October 16, in an address at Toledo, Secretary Hoover said: "Our loans to the Allies, now amounting to \$11,500,000,000, are in fact debts to our taxpayers. I do not believe any public official, either of the United States or any other country, could or should approve their cancellation. With the exception of minor amounts, I am convinced that these debts can be repaid in a reasonable period without realization of the oft-expressed undue strain on the debtor countries or the threat of a flood of goods that would endanger employment in the United States."

"The shipment of European manufactured goods that might compete in our home market to the Tropics, and in turn the shipment to us of tropical goods that will not interfere with our domestic manufacture or employment, not only is possible but is going on all the time. These tropical products are a type of goods which we can not produce sufficiently—rubber, coffee, woods, etc. They do not affect employment in the United States, and they are constantly increasing in ratio to our total imports. In the last seven years our imports from the Tropics have increased from 35 to 53 per cent of our total imports. The expenditures of American tourists abroad, remittances of immigrants in the United States to relatives, the growing volume of investments made by our citizens in foreign countries, and other items of so-called invisible exchange give Europe a large supply of American money with which Europe may in turn pay interest on debts or for the purchase of goods from us."

"There is no need for despair in the future of Europe if Europe can maintain peace. Its hard-working population, its tremendous intelligence, its fabulous development of skill and scientific knowledge are vital forces that must win if they have half a chance. These economic problems we must vision over years and decades. Europe's troubles to-day are solely in the fiscal and political fields. Her social organization, her agriculture, industry, transportation, and commerce have found extraordinary recuperative powers from the depths of disorganization and famine in 1919."

The commission is glad to find these views of the leading economist in the Government of the United States coincident with its own findings. It believes its recommendation of a solution of the problems to be entirely in harmony with the declarations of the President and of the Secretaries of State and of Commerce above quoted. The United States can not hold aloof, as the President has said. It must take the initiative in aiding in a settlement. The allied debts to the United States must be paid. No nation should ask for its debts to be forgiven, but only for time and for patient consideration. These debts were the security offered to the American people and to the people of the world—for our Liberty and Victory bonds were sold all over the world—and no American Government will ever repudiate or annul the security for its obligations. Ambassador Harvey said to the commission in London: "There is no vicious circle; there is no circle. It is a straight line, leading directly from Germany to the people of the United States. The United States will not take upon itself the cost of the war. The Congress can not annul these debts. They are debts to the American people and to foreign people who bought the bonds, not to the Government." While hate and anger are still in the hearts of many, the settlement between the nations formerly belligerent must be on a basis of even justice and of international respect and consideration.

Congressman—former Senator—THEODORE E. BURTON is an economist, a financier, and a statesman who has made a close study of European conditions for many years. He has recently returned from a two months' investigation, as a member of the United States Foreign Debt Funding Commission, and his judgment is likely to carry weight with the Congress and with the people of the United States. In an address at Cleveland on October 17 Congressman BURTON said:

"Most of the difficulty in Europe, I must say frankly, is due to the treaties. It was impossible in view of the attitude of Paris to consider the subject dispassionately. The crime of the Hohenzollern dynasty was unspeakable, but it is not desirable to reduce the German people to the condition of serfs and impose upon them a burden so staggering that they are unable to carry it. It is not merely not best for them; it is not best for the rest of the world."

"In France there are three phases of public opinion. One would impose reprisals on Germany so heavy as to destroy her economic life, her position as a nation, and that Germany be practically ruined. The second is based on the opinion that Germany is merely pretending that she can not pay the enormous bill rendered against her. The third phase, and the one I think is growing, is that the taking away of Ger-



many from the economic life of Europe would be similar in effect to depriving Ohio of intercourse with Indiana, Illinois, Michigan, and Wisconsin; her prosperity is essential not only for the upbuilding of her own people but for the rest of the world.

"The reparation is fixed at 132,000,000,000 gold marks, about \$30,000,000,000, to be paid in three installments of twelve, thirty-eight, and eighty-two billions. That burden upon a country with \$70,000,000,000 of wealth is clearly altogether beyond her ability to pay. The attempt to collect these reparations is an injury to the economic, social, and political life of the world.

"The task of fixing the boundaries was certainly not well performed. Natural boundaries were disregarded, alien peoples were mingled. The treaties were framed in haste, with regard for political consideration, with entire disregard of race, old-time associations, or economic considerations.

"The probability is that the vast paper currency of Germany will be repudiated. No permanent prosperity can be attained while there is such a currency. The paralysis which rests on Europe is not limited to the countries which were engaged in war. It rests with similar weight upon Holland, Sweden, Norway, Denmark, Switzerland; for the whole life of trade is out of gear.

"What is the remedy? There must be a reconsideration of those treaties. They were framed in terms of severity and punishment; they must be revised in the interest of more normal relations. They will have to cut out their feeling of animosity. There must be a better feeling, a readiness to enter into treaties or agreements for trade and other things which will promote friendliness in place of the present asperity.

"We are vitally interested. Now, what ought we to do? We must give our charity without limit in this troubled world. Let us be helpful so far as we may, by diplomatic negotiations or otherwise, in the troubled state of Europe. Let, however, our chiefest aim be along the lines which have been our glory in the past, the absence of selfish motives, no hankering for territory, none for great indemnities; let America stand before all nations for peace, good will, for that spirit of altruism and regard for humanity, the lack of which is responsible for the unrest and for the threat of war which is now so prevalent in the world."

It is evident that the reaction of existing European conditions upon the trained mind of Congressman BURTON is identical with that upon the minds of the International Trade Commission. The necessity of America's participation in the settlement that must be found without delay is obvious.

Two words contain the solution of the world problems in this hour of unhappy and chaotic uncertainty. They are moratorium and amortization. England could pay its debts, Belgium might make a small payment. France and Italy can not pay at this time; Germany can not pay until she is given a breathing spell. She must pay to her utmost ability, of course, but the Versailles treaty must be revised to give Germany the opportunity to manufacture and export, and from the sale of exports meet the reparations. If there was adequate reason for a six months' moratorium, as provided by the Belgian compromise, there will be greater reason for a longer extension at the end of that period. A moratorium of a longer and definite period must be accepted, three to five years. It would be idle for America to attempt to force payment of its debts now, where no country but England can balance its budget. If the Allies attempt to force the defeated nations beyond physical ability to pay, the result would be disastrous and armed conflict could hardly be averted. With a reasonable breathing spell, and upon the basis we are about to suggest, all can pay their obligations with dignity and honor. Hence the necessity of a moratorium of several years.

The simple way for payment of these great sums is by amortization. This word is used, not as frequently in this country, but in the specific meaning it is used as the basis of the Federal farm loan act, under which in the last six years the American farmer has learned that the payment of 1 per cent added to the rate of interest pays off his mortgage in 69 equal semiannual payments.

Close study of European finance indicates the need of a long amortization period and a low rate of interest. No country, excepting England, could make annual payments of any considerable percentage of the debt. Some American financiers urge that Europe be freed from interest charges, arguing that the more the United States will lighten and take over the burden the better it will be for us in the end. This view is not likely to meet the approval of the American people. There is this to be considered: There is some foundation for the claim that this is not an ordinary debt, but that America was vitally interested in the defense against Germany. The moral effect of giving some consideration to this universal attitude of Europe carries weight. It is further to be considered that we can not exact the impossible any more than the Allies can from Germany and that if we insist on the immediate letter of the contract, we shall get very little or nothing. And the sooner Europe is placed on a sane financial and economic basis the sooner we can extend our foreign trade.

The commission suggests that the United States generously, and doubtless wisely, agree to reduce the rate of interest to 3 per cent, which, with one-half of 1 per cent amortization, will pay off the entire loan in 66 years. The figures of the allied debts are, in round numbers, Great Britain \$4,000,000,000, France \$3,000,000,000, Italy \$1,700,000,000, and Belgium \$850,000,000. On the amortization plan suggested, Great Britain will pay annually \$140,000,000, France \$105,000,000, Italy \$59,500,000, and Belgium \$12,250,000. The unpaid interest to date is not considered in this suggestion. That would be provided for in the contract of settlement. Great Britain could assume this obligation to-day, no other of the debtor nations. That they will be able to after a three to five year moratorium is demonstrated in the chapters discussing the financial and economic condition of the several countries, hereinafter set forth.

The German reparation is, of course, the basic question of world peace and economic readjustment. The commission enters upon this discussion without hesitancy. There is demanded from Germany by the Reparation Commission 132,000,000,000 gold marks and a very considerable amount of coal, other payments in kind, and a 26 per cent charge upon the value of exports, something over \$800,000,000 annually. One of the leading economists who was present at the Versailles conference said to the officers of this commission, "Nobody above the status of an economic adviser gave the slightest thought to economic considerations. All decisions were based upon politics and religion." In England it is realized clearly that Germany can not pay anything like the sum demanded. In fact, English economists have asserted that even Great Britain could not pay a third of this

sum. Germany can pay a reasonable reparation in time, if given a breathing spell and a chance to export. There is no attempt on the part of German officials or financiers to deny or evade this responsibility.

What should be the sum required? The figures of the American economists who made a careful study of Germany's wealth at the Versailles conference, were \$12,000,000,000. These figures were not considered for a minute by "anybody above the status of an economic adviser." J. M. Keynes, representative of the British Treasury at the conference, declared that the limit of Germany's ability was 2,000,000,000 marks a year, or approximately \$500,000,000, and that the total sum to be expected was 40,000,000,000 marks or \$10,000,000,000. These estimates were based on conditions at the time of the armistice and not upon present conditions. Doctor Bucher, managing director of the Federation of German Industries, expressed the prevailing willingness to pay reparation and estimated the present ability of Germany to pay, if the treaty is revised and she is allowed to export, at 1,000,000,000 gold marks, or \$250,000,000 a year. It is not difficult to get at Germany's ability to pay—which must be the basis of the reparations—if a conference be held and the cards are laid on the table. Just this must be done.

The International Trade Commission suggests as a basis for discussion the figures \$12,000,000,000. This is based not only upon study of existing German conditions and the tremendously increased income which will, or would, result from a revision of the Versailles treaty, but also upon the judgment of the American economists in 1919 and upon that of Mr. Keynes, who was recalled by the British Government because he ventured to speak out. On the basis of \$12,000,000,000 Germany would pay annually \$420,000,000, which would clean up the entire payment in 66 years. This total is that of the American economists. It is \$80,000,000 a year less than Mr. Keynes's estimate, while the total sum paid in 66 years is \$2,000,000,000 more than Mr. Keynes estimated. It is also about 50 per cent more than Doctor Bucher declared they could pay.

How much of this amount is to be paid in gold and how much in kind is contingent upon the estimated effect upon the economy of the world of German exports when the present frenzied production is directed into foreign channels. This whole problem might have been settled and economic stability restored had the suggestion of American economists at Versailles been considered—a reasonable reparation figure, to be paid very largely in manufactures of brick, tile, structural iron, and other building material for reconstruction in the devastated regions of France and Belgium. Since not economic but political considerations were the motif at Versailles, it is now necessary to make the best of a bad situation.

That the working out of this amortization plan may be clearly understood, the commission herewith presents a table showing the amortization of \$1,000,000,000 in 66 years at 3 per cent interest and one-half of 1 per cent amortization, which may be used as a basis for figuring the reparations. There are also offered tables showing the amortization of the reparations on the basis suggested, \$12,000,000,000, and of the allied debts at the same rate of interest and amortization. The amount for Germany and the rate of interest and time of payment for Germany and the Allies must be within their ability to pay. These tables have been worked out carefully. They have been checked by accountants under the direction of Mr. Guy Huston, president of the first joint-stock land bank, who figured the amortization tables of the Federal farm loan system. They were transmitted through Hon. Jacob M. Dickinson, chairman of the Chicago Committee of One Hundred, to President Harry Pratt Judson, of the University of Chicago, and pronounced mathematically correct by the mathematical department of that institution, as indicated by the accompanying letter:

THE UNIVERSITY OF CHICAGO,  
OFFICE OF THE PRESIDENT,  
Chicago, Ill., November 9, 1922.

MY DEAR DOCTOR OWENS: I am inclosing the official report to me on the proposed financial payments by the head of our department of mathematics, Prof. Eliakim H. Moore. Professor Moore is one of the eminent mathematicians of the country.

Very truly yours,

HARRY PRATT JUDSON.

THE UNIVERSITY OF CHICAGO,  
DEPARTMENT OF MATHEMATICS,  
November 8, 1922.

To the PRESIDENT.

MY DEAR DOCTOR JUDSON: In response to the question recently submitted to me on behalf of President Clarence J. Owens, of the Southern Commercial Congress, I report as follows:

The sum of \$1,000,000,000, with interest at 3 per cent per annum, will be amortized by 65 annual payments of \$35,000,000 each and a final payment at the end of the sixty-sixth year of \$29,186,297.2295.

The residue at the end of 65 years, \$28,336,210.9024, with interest for the sixty-sixth year, \$850,086.3271, make the final payment stated. These figures, which have been with care determined in cooperation with my colleague, Mr. W. D. MacMillan, an expert in the use of the calculating machine, may be relied upon as quite correct. They exceed the corresponding figures found in the table submitted by President Owens by—

\$0.0132

\$0.0127

\$0.0005

These are the essential figures of that table.

Yours very truly,

ELIAKIM H. MOORE.

The tables are as follows:

The first table was carried out to four decimals, so that the error in the final figure would be infinitesimal. It is figured by the mathematical experts of the University of Chicago at five one-hundredths of a cent. The variation in the other tables also is fractions of a cent.

It is the judgment of the commission, after consultation with American representatives and with officials and financiers of European countries, that the initiative for a conference, from which an agreement as outlined above may result, must come from the United States. President Harding's initiative in calling the Washington conference "rescued the world from despair," in Secretary Hughes's words. This is undoubtedly true. Even more than that great accomplishment will result from another conference to be called by the President which may settle the problems of the world.

If a settlement of the German reparations and of payment of the allied debt be effected as we have ventured to suggest, the next step is an international loan, to be financed by the United States and Great Britain, to the Allies where needed and to Germany. It is unnecessary to discuss this; it must be done. The European nations can not get on their feet nor pay their debts without working capital. With it, and relieved of military expenditures, they can do it. This loan should not be made by the Governments, but by private financial interests, probably under Government direction and control to make exploitation impossible. The commission is advised by New York financiers to whom its proposal was outlined upon landing in New York, October 13, that they are ready to handle this loan if there is a sane settlement of German reparations and of the allied debts. In connection with this loan and as a contract obligation of the settlement to be agreed upon by the proposed conference, there must be a material reduction of armaments and of military expenses and guaranties against war. French expenditures for the national defense amount, for example, to 5,105,000,000 francs, or 18.7 per cent of the total appropriations for 1920; 5,821,000,000 for 1921, or 22 per cent; and 4,224,000,000, or 17.1 per cent, for 1922. With a guaranty of safety from attack, these expenditures can be reduced so as to balance the budget and at the end of the proposed moratorium to enable France to pay her amortization allotment. The same is true of the other countries.

The remaining problem is stabilization of exchange. There can be no international attempt to stabilize the paper currency of Germany and Russia until conditions return to normalcy in these countries. It may be done in the other countries considered, aside from Britain, which is already practically normal. The fluctuation of exchange, not the present rate, is the problem. If exchange were to remain at the present figure, if this could be guaranteed, America could do business with Europe on the basis of foreign exchange. But with the pre-war franc at 193 cents and the franc when we were in France at something over 7, with the possibility of it being 5 or 12 in three months, it is obvious that Americans can not export to France upon the franc basis, and it is equally obvious that French merchants can not import from the United States upon the dollar basis. In either case profits might be wiped out.

It has been suggested that a supercurrency be established, to be guaranteed at par by a union of nations for foreign trade and to be accepted as a medium of exchange by those nations. So if a French merchant ordered American goods, he would buy in supercurrency and pay in it. The franc would remain the currency in France, the dollar in the United States, the pound sterling in Britain, the lira in Italy. This would enable Europe to get the goods she wants from us and that we want to sell her.

The suggestion of stabilization of exchange by a supercurrency or by a guaranty of an economic union of nations was presented to Lloyds at London by the International commission. Lloyds said that the suggestion was by no means unreasonable; that they were already insuring individual international transactions. This is offered without great confidence, but as possibly entitled to some consideration after the fundamental problems have been solved.

While everywhere in Europe the American representatives of the State and Commerce Departments and of commercial organizations received the commission with all courtesy and tendered all assistance, one could not fail to be impressed by the entire lack of harmony and agreement among them as to viewpoint on European problems. In France, American representatives voiced the French view very emphatically; in Germany, the German. This may be diplomatic policy and practice; but if America is to maintain its traditional policy of "shirt-sleeve diplomacy" European problems should be viewed as a whole from the American standpoint, not from the exaggerated view of unfriendly nations. It is suggested that a periodic conference of American representatives in all European countries and a free discussion might be of benefit.

There is need of a policy to coordinate present agencies and do away with apparent interlapping. For instance, Consul General Skinner, at London, has a staff of 60. There are independent agencies covering more or less the same ground in the office of the trade commissioner, who is under the Department of Commerce, and other officials covering economic and commercial fields attached to the embassy but holding appointment and reporting to either the State or Commerce Department. The Department of Agriculture, the Department of the Treasury, and the Shipping Board also have representatives. Reports from these various representatives go to the department from which each holds authority. Some coordination would seem practicable.

It was stated by representatives of the Consular Service that any suggestions that might seem to criticize existing laws or policies are prohibited. We venture to ask whether American officials abroad are not in a position at times to offer constructive criticism from which beneficial results may be obtained and whether it is not advisable that such be invited.

We have heretofore quoted the ringing words of President Harding. "The first duty is to protect our national interests, but in many ways real protection comes from cooperation with other nations." With the world at sea politically and economically, this is the appointed time for concert of action of all nations, including the United States, that threatened appeal to arms in Europe may be averted and that political and economic peace may be assured. Without discussing the League of Nations, which trenches upon the field of politics, from which the International Trade Commission has kept its skirts clear, there exists in Rome, through the instrumentality of that lamented son of California, David Lubin, with the active cooperation of King Victor Emmanuel, a genuine economic league of nations which alone of all international agencies functioned throughout the World War, and which has been and is of incalculable value to its constituent nations. Some such union of nations as the International Institute of Agriculture, free from supergovernment and leaving each nation to govern itself under its own fundamental law, might be of like value in the field of international economy, finance, and interrelation. In this state of civilization the interdependence of nations and the moral unity of the world, through the inseparable ties of blood, of history, of literature, science, and art, of law, of religion, must be recognized.

America is not a new civilization; under the Constitution of the United States it maintains the oldest Government among the nations of the world. Because this Government of and by a free people has, through its principles of liberty and justice and right survived the overthrow and the changes that have come in all forms of government, because of the moral leadership conceded by all peoples, in this hour of world chaos, of threatened irreparable disaster, this is the appointed time, this is the moment for action that will become historic. When the World War deluged Europe with blood America waited,

perhaps too long, but America responded to the call of liberty and right with every drop of blood and with every resource. When that danger was averted and the post-war conditions have gradually become worse and more threatening America has again waited; but as in 1917, America must respond, and when America again acts with wisdom and "uses its strength," as the President has said, "for the general welfare of mankind," every American and every clear-thinking European must have full faith in a second victory.

INTERNATIONAL TRADE COMMISSION.  
CLARENCE J. OWENS, Chairman.  
RALPH METCALF, Secretary.

CHICAGO, ILL., November 20, 1923.

#### CONDITIONS IN THE VARIOUS COUNTRIES VISITED BY THE COMMISSION. GERMANY.

When the commission told Ambassador Houghton at the first conference with him at the embassy in Berlin that it had learned the viewpoint of France, Belgium, and Holland, and would like to get that of Germany, the ambassador replied: "There is no German viewpoint, or rather there are as many different opinions as there are Germans, and that is about 60,000,000. Can you hope to get it in a week?" It will be well to bear this in mind. The fact remains that the commission conferred with some of the leading men in Germany in the field of finance, industry, and commerce, and they outlined the attitude of Germany quite as clearly and frankly as previously had been that of France.

Two of the most informative sessions were with Herr Alfred Blinzig, director of the great Deutsche Bank, and with Doctor Bucher, managing director of the Federation of German Industries. Mr. Blinzig is a man well along in years, of great ability and logical mind. He said:

"It is difficult to see how credit and confidence can be restored so as to allow a renewal and increase of trade relations between the United States and Germany until the Versailles treaty is revised. No country can pay out billions a year without exports; even the United States could not do this. First the reparation problem must be definitely settled.

"You criticize us for printing unlimited paper money that has no purchasing value in other countries. We have had to do it; our capital is not sufficient to keep our industries in operation. It takes 300 of our paper marks to equal the foreign value of 1 gold mark. Please understand that in Germany the paper mark has a purchasing value of 100 to 1 gold mark. Because of the lack of capital and of a circulating medium, we have been forced to greatly increase our paper circulation. And still we have not near enough. Germany is in the throes of a credit crisis. The banks can not furnish enough currency to enable their clients to do business." (At this time, September 10, the banks were paying but 20 per cent of the face value of checks presented for payment.)

"Germany can not get credit in foreign countries because of the uncertainty. We have to pay cash. Confidence must be restored before international trade relations can be revived with your country or any country. It all comes back to the reparation problem, which must first be settled. We can pay and will pay only what we are able to pay. Germany is an industrial, not an agricultural country. We have very little raw material. Before the war the balance was on the wrong side, but this was met by our foreign investments and our merchant marine. Now, this is all gone, so that we can not pay for the raw material we must have to operate our industries. Why, it may surprise you, but I can not get enough money upon my checks here at my own bank to meet my daily needs.

"Our people are naturally industrious and willing to work, but there is no hope for Germany until the reparation problem is settled. Then we can secure the necessary capital from a foreign loan. It is impossible for the present generation to pay the war burden; it must be distributed over three generations. Germany must have a breathing space for a few years, and then take up the payment of reparation when the amount is adjusted. To meet this, to live, we must export our industrial products. We must use the largest part of the returns from our exports for raw material, to buy raw material to continue manufacturing. The surplus will be applied to the reparation fund, but it is impossible ever to pay anything like the sum demanded.

"Germany has no hope for the future without a foreign loan. Our inflated currency must be taken care of, and to stabilize the mark our budget must be balanced. It can not be balanced with the reparation now demanded. With a reasonable adjustment and a foreign loan we can restore normal conditions. A very serious difficulty is speculation in the market by foreigners. We must have sufficient funds to protect and ultimately restore it. When foreign speculators attempt to drive the value down by selling, we must have a fund to protect it by buying. When speculators attempt to buy, we must be able to protect it.

Asked by Chairman Owens if the situation could be stabilized by the amortization plan proposed by the commission, whereby Germany could pay her reparations and the Allies their debts to the United States, over a long term of years, at a low rate of interest, Director Blinzig said:

"It would not be well for the United States if this vast amount of gold should be paid her, but if the interest was reduced to, say, 1½ per cent with one-half per cent amortization, the plan seems sound, if the reparation be based on a reasonable figure. We are no longer actors on the world's stage; we are acted upon. As soon as Germany is permitted to sit at the conference table with the other nations everything can be arranged."

To a statement from the commission that it is the general belief that if debts were materially reduced Germany would start another war against France, Director Blinzig said very earnestly:

"We are perfectly willing to give any guaranty against this. The best guaranty would be the agreement of the United States and Great Britain to protect France in such case. I would not at all object to this; I would welcome it. Clemenceau asked for this, Great Britain agreed, contingent upon the assent of the United States, which was refused. If this alliance could be made, it should be much better for the world. It would remove the present fear of France and stabilize the situation. The army of occupation is costing millions, which Germany could better pay in reparation. Germany is ready to give any possible guaranty against any aggressive war. The best possible guaranty is an American-French alliance. I appreciate political conditions in the United States and know that this can not be done. Still it is the best guaranty."

"A word as to finances. We have now inflated our currency to 2,000,000,000 paper marks; it would be a thousand billions to furnish us the necessary medium of exchange at home. We have not nearly



enough. It is silly to charge that Germany is printing paper money to depreciate the mark. We must have it to keep our industries at work, we must keep on printing paper money to provide a medium of exchange for internal business. We will stabilize the mark when the reparation question is settled. Nine out of ten people in Germany would vote against war, except in the occupied districts, where they are indignant at outrages perpetrated by negro troops of the French Army."

This is the attitude of German finance; that of German industry is equally clear. The commission held a conference with the spokesman for industry, Doctor Bucher, managing director of the Federation of German Industries, which comprises all of the factories and plants in every line of industry—steel, lumber, electric, mines, railroads—its membership running up into many thousand companies and individuals. Doctor Bucher said:

"Present conditions are very different from those existing at the time of the visit of the American commission in 1913. Before the war Germany produced 90 per cent of its food requirements; now it produces only 60 per cent. Our food production is sufficient for seven months, and we must import for five months. This is due to the loss of great agricultural territory, such as Poland, and also because it will take 10 years to restore pre-war intensive cultivation. Our farmers can not afford to buy fertilizer, and the war cost us great quantities of live stock. It must be remembered that the soil of Germany is naturally one of the poorest in Europe, so the loss of fertilizer and live stock is evident. Another difficulty is that formerly we had an abundance of farm labor, temporarily imported from Russia and Poland, that is not now available. Machinery can not replace this labor as in the United States, because German farms are small, 10 to 15 acres. Only in the north, now given to Poland, had we farms of over 200 acres. Consequently our farmers do not produce a sufficient surplus beyond their own needs."

"Before the war German exports were 10,000,000,000 marks and imports 11,000,000,000, an adverse balance of trade of 1,000,000,000. Germany had 20,000,000,000 gold marks in foreign investments, the income from which and the merchant marine met this adverse balance. All of this has been confiscated. Now our exports are about two-thirds of the pre-war figure, while imports have so increased that the present adverse balance of trade is nearly 5,000,000,000. Germany has lost not only the income from foreign investments and her freights but also the money formerly sent home by Germans living abroad. There were so many Germans employed in it that one might say Russian industry was German industry. Because of the war these workers have all come home. Germans naturalized in the United States remained there, but a million not naturalized have been sent to Germany and can not go back."

"Before the war we had a gold reserve of a billion to a billion and a half gold marks. We still have a billion but have sent abroad a billion and a half, because during the war all of the gold in the country was taken by the Reichsbank. The billion and a half sent abroad was partly for payment on foreign purchases in neutral countries and partly the result of the Versailles treaty."

Asked if the charge was true that Germany had sent her gold to foreign countries for safekeeping, he said this was true to a certain extent. The Government had forbidden the export of capital, but it was impossible to prevent individuals sending out their gold. The Versailles treaty provides that capital and goods of German citizens at home and in the allied countries can be confiscated if the Government does not fulfill its obligations. Therefore, Germans have placed it where they feel it is secure. The money is necessary to buy raw material. Raw material for German industry requires 250,000,000 marks a month, which, allowing six months for return, totals a billion and a half. Most of this gold is kept in Holland and Switzerland. Some Germans have sent their gold abroad for security, but most of it is to buy raw material. One electric company requires 2,000 tons of copper a month from America. German manufacturers are compelled to pay a 28 per cent tax on all their exports into the reparation fund. Foreign countries have also imposed prohibitive tariffs against German goods. For instance, an 80 per cent duty on dyes in the United States, where German steel is also shut out, except in razors, cutlery, and small steel products, which are a German specialty, and the tariff does not interfere materially."

"Trade relations," Doctor Bucher continued, "can not be reestablished until there is a revision of the Versailles treaty. Germany must have economic independence. It is absolutely necessary to import raw materials and foodstuffs, and Germany can pay for this only from her surplus production. She can not pay out of her capital and live. One important point is that farmers are prosperous; they have no foreign competition, because we can not import foreign products to any extent."

"It is not possible to stabilize finance until we first have reconstruction. It can not be done in a period of decreasing production. We can not accept foreign credit until we are sure that we can repay principal and interest. We can tell the German workman that he must work and economize for 10 or 15 years because we lost the war, but we can not tell him that he must grind for 50 years, which would be the consequence of the treaty of Versailles."

"It is not trade competition that hampers trade. Before the war there was great competition between England and Germany, and still those countries were each the greatest customer of the other. The Versailles treaty gives to the allied countries the advantage of the most favored nation, which is denied Germany. The other countries can make their own regulations, but Germany can not have a tariff policy, because if she grants a special tariff to any country it must apply to all of the Allies."

Asked as to the amortization plan suggested by the commission, Doctor Bucher said that it was possible from the financial point of view, but out of the question from the economic point of view. "During the war Europe paid to the United States its savings for 50 years. Europe has an overwhelming debt. If France is to pay on her three billion debt 5 per cent interest and 1 per cent amortization, she must pay \$180,000,000 yearly. It is utterly impossible for her to make this payment. It must be remembered the French people lost 20,000,000,000 gold francs on Russian securities and other money in Turkey. She also has a deficit in her budget. She can not obtain much from Germany, and the only money Germany can pay must come from an international loan. It is impossible for Germany to pay on an amortization plan by increasing taxes, because Germany already has the highest taxes in the world. Taxes must necessarily accord with the standard of living. If Germany appears rich, as you say, it is not true. The Government has dispossessed all people owning capital. To-day nobody has any invested money; they live on what they can earn from day to day. The man who has no job, unless he is in the public service, is starving. Germany can not pay out this last billion

of gold; because of the short crop, a period of famine will soon be at hand, and this billion must be used to buy food for the starving people."

"The first problem is to reestablish production. Germany can pay only through an international loan, and such a loan can be made only if German industries are active. England has a similar problem; she has a million and a half unemployed."

"This is much more serious than would be like conditions in the United States, for England, like Germany, must import food and raw material, while the United States has within itself all needed. For Great Britain this is an enormous economic loss. German workmen must work 10 hours instead of 8 to enable the country to pay its foreign obligation. It is not possible to undertake new obligations. Germany lost 4,000,000 men in the war, her most productive. Now there is too large a percentage of women. Germany must live economically, but she must export, otherwise she is dead."

"Germany has no unemployment, but she has a large number of Government employees who are unproductive. Also a large number of ex-army officers who have been given positions, but with very poor results, because of their lack of training. In four years Germany has set at work 4,000,000 men who were demobilized. Before the war we had no foreign debt. The present figure of reparation talked is 132,000,000,000 gold marks. Before the war the note circulation was 5,000,000,000, now it is 250,000,000,000. The principal difficulty is that Germany can not work to capacity and export her products; if she could she could pay. Germany could pay annually upon an amortization plan about a billion gold marks. But if the United States requires payment of her loans it will destroy the economics of Europe, because the debts are greater than the revenue. Payment can be made only by export of products, and by this influx of cheap goods the United States would lose much more than the total of the debts through shutting down of its factories and unemployment."

"Germany has paid no gold in reparation, but has lost 100,000,000,000 gold marks in 10,000,000,000 paid in kind, 8,000,000,000 in the lost mines, 3,000,000,000 to support the army of occupation, and all the investments in foreign countries, the colonies, and merchant marine. German industry will not place its signature on any paper unless it is to be protected. That is the difference between industry and the Government. German industry knows that first of all we must have food for our workmen, because if they are not fed they will become Bolshevik and the Government can not live. So our first problem is food and labor. Consequently Germany must export, otherwise she can not import the necessary food. The export problem is entirely different from that of the United States. The United States exports only 5 per cent of its production, but we must import all of our raw material, for Germany works on foreign material, so that if we can not export we can not import."

"Before the war there were 60,000,000 people in Austro-Hungary, who gave us one of our best markets. Now they can take nothing. American capital should be invested in these countries and in ours. The billions you loaned during the war went up in smoke. We need much American cotton, but can not pay for it. If Americans will invest in our manufacturing industries they can supply them with raw material. The United States has a great textile industry and produces three-fourths of the cotton manufactures of the world. But Germany has cheap labor. In cotton goods, where raw material costs 80 per cent and labor 20 per cent, we can not compete, but as labor percentage rises we can compete. What Germany needs is a favorable tariff and investment of American capital in our industries."

The deficit in the budget of Germany is hard to figure, as it is hard to figure any form of German finances, because of the constant fall of the mark. The 1922-23 budget shows total receipts of 225,289,000,000 million paper marks, expenditures 430,560,000,000, deficit 205,271,000,000. The expenditures consist of 100,654,000,000 for general administration, 137,374,000,000 for Government undertakings, and 192,532,000,000 for peace-treaty obligations. Germany has no foreign debt aside from reparations. The floating debt amounted to 50,000,000,000 marks while the commission was in Berlin. Currency inflation was increasing as fast as the printing presses could be operated. The value of the mark is to-day less than a quarter what it was then. And yet the ablest financiers insisted unlimited inflation was necessary to keep the wheels of industry turning and save the country from the Russian revolution. With revision of the treaty, a reasonable reparation figure, freedom to export and an international loan, it is quite likely that the gold and securities shipped abroad for safe-keeping will return and economic, financial, and industrial reconstruction take place. The affairs of the nations of Europe is so interdependent that Germany can not fall without shaking all Europe, and when Europe is shaken to its foundations America can not escape scot-free."

An entirely different and rather startling viewpoint upon reparations and allied debts was made known to the commission by an American official, who declined to be quoted.

"The average German workingman," he said, "obtains the food he requires. Government employees and professional men are not as well off. Whoever lived on the income of property has lost it. Divide your personal income by 300 and see what remains. That is the situation. German inflation has been a real confiscation of existing property. Germany is ruled by a socialist government, but leading financiers agree that inflation alone has prevented revolution. An immediate consequence has been that everybody now spends whatever money he gets, feeling that whatever he buys is worth more than constantly depreciating currency, whereas before the war the Germans were economical. Wages and salaries can not be increased to keep pace with the deterioration of the mark. The eight-hour day has decreased production, in the mines for instance, 13 to 15 per cent. The population of Europe has been multiplied by five since the eighteenth century. Each generation has been much larger and has lived much better, through great development of industrial and agricultural activity. Now, the whole machinery has gone to pieces and it is necessary to reconstruct it."

"The average German did not want the war but was influenced by propaganda. There is more bitterness and hate than before the war. Every country expects attack from its neighbors. France expects a new attack from Germany, has paid for protection the expenses of the armies of Poland, Serbia, and Rumania, and is on the verge of bankruptcy. In every country you find debt, heavy taxes, poverty. England is refusing credit, for she knows they can not pay. The United States can not remit the debts of Europe, for they would begin immediately upon new armaments. Debts can not be paid in anything but money, and Europe can not pay in money. These debts are a small thing to the money and lives the United States contributed to the war."

"If the nations of Europe would provide by law that no war could be declared for 10 years, and then only by vote of the people, permanent peace would be assured. If we could balance our debts by assuring this



result, we would be repaid every dollar. We must remember that the end for which our boys fought has not been reached, but it can be in a few weeks.

"A German manufacturer recently spoke of the wrong done by France to Germany, especially by the negro troops in the occupied regions, and told of the vengeance Germany will some day take against France. I told him to look out of the window and see people going to work under harsh conditions and the general unhappiness of the German people. And then instead of thinking of vengeance I asked him what would he think if the United States would give Germany the opportunity to regain its former prosperity under guaranteed peace. He burst into tears. If your commission's investigations bring the same result as mine you will be able to tell America that Germans are not devils. They have been the victims of propaganda, just as we have been. If Germany falls, France falls, too, and civilization will go back 100 years. Before the financial situation can be stabilized the political situation must be changed, otherwise Europe will spend all of the money it can obtain in armaments.

"I have been in touch with all classes of people and can find only one plan to improve the situation and solve the multitude of overlapping difficulties. The two principal problems are, first, the reparations, and nobody knows how that will be solved. It will be settled not because anybody knows how, but because it must be settled. The second is, European debts to the United States. These debts are enormous, and Europe can not pay them. They owe us \$14,000,000,000, and heavy sums to Great Britain. Their taxes are at the breaking point. It is as if the United States had a debt of \$150,000,000,000. The German people are great workers, but they can not work efficiently now, because their whole structure has been broken down by the war.

"Here is my plan: We ought to remit all of these debts on condition of limitation of armaments and an end to aggressive war. To do this we must appeal directly to the people over the governments. Not a government in Europe would accept the plan, but 8 out of 10 of every people would vote in favor of no war for 50 years. Under present conditions Europe can not receive credit from us, but if present conditions are removed it would benefit not only Europe but the United States. Your commission can say to the American people that they are entitled to payment, but since they can not be paid in money they must accept payment in the establishing of a state of affairs that will improve trade conditions tremendously. Fifty years of the conditions I propose will give the United States such prosperity as we have never known. Impress this view on the minds of the American people and your mission will be of great value to America.

"France fears Germany; Germany says France has always been her enemy; the more you put them together the worse the situation. Germany says France will attack her as she has done in the past, while Russia with her enormous hordes threatens on the east.

"As to the debts, England can pay, Belgium a little, France, Italy, and the other countries nothing. If England pays, the English people will always cherish a resentment that will create a grave situation and make an enemy out of a friend, because they feel that the war was ours as much as theirs. While the debts of the Allies are known, the German reparations are unsettled and must be modified to an amount she can pay. To determine this is extremely difficult. The only way America can handle and profit by the situation is to use her enormous power in the way I have suggested. I propose that Europe pay every cent of its debt to us, but since they can not pay in money let them pay by putting an end to war and establishing conditions we are anxious to obtain. The best thing for America to do is to create in Europe a large market and keep it without disturbance of war. Let me say to you, do not expect to find a reasonable state of mind in Europe. They are all crazy; shell shocked."

There is nothing new in this proposal. Mr. Frank Vanderlip has discussed it at some length in his "What Next in Europe?" published last spring. His conclusion is emphatic: "If we undertake to find ways in which we might direct European political policy under the threat of enforcing our financial claim, or under the bribe of relinquishing it, I believe we would find this whole field of exploration a fruitless one. Any attempt seriously to enter it would result in involving us in meddling with European political policy. To become so involved is opposed to every American national sentiment. I should abandon the theory that we might cancel the allied indebtedness in exchange for the privilege of imposing certain rules of political conduct upon our debtors. If we should through the cancellation of this indebtedness buy special privileges for our commerce and discriminatory treatment favorable to American business, we would buy something which we ought not to have and something which would in the end plague us infinitely more than it would ever prove to our advantage."

It is extremely difficult for an American, even while sojourning in Berlin, to comprehend the effect of the tremendous inflation upon prices of everyday necessities or luxuries. Some impressions may be informative; conclusions are impossible. Nobody may dare by the greatest flight of imagination to attempt to picture the future. And impressions gained by a brief visit must of necessity be superficial.

A \$10 bill purchased 12,658 marks when the commission was in Berlin. To-day, at the last available figures, it would purchase a good deal more. That \$10 bill was worth about 400 marks when the American commission visited Berlin in 1913. On the other side of the picture, the 12,658 marks bought for \$10 were worth \$300 in 1913. The basket of marks secured to pay hotel bills and railroad fare for the commission would have been worth approximately a quarter of a million dollars in pre-war days.

The situation in Germany is a paradox; its like is not recorded in history. It is an invariable economic principle that continuous printing of paper money with nothing behind means financial and economic ruin. Yet the greatest financier in Germany has not only approved but actually encourages this policy of disastrous inflation, because it alone stands between Germany and Bolshevism, and he expresses the hope that so long as revolution can be averted and the workers employed, Germany may eventually, in some incomprehensible way, pull through.

The conditions described to the commission in France were not in evidence. The people are not expensively dressed, the gay night life, undertaken by order of the All Highest, which dominated Berlin in 1913, does not exist. Whatever extravagance there is along this line, whatever patronage is given to cabarets and the Palais du Danse, comes from the pockets of foreigners, not from formerly well-to-do Germans. Instead of the former universal evening dress, at the grand opera were not over a score of men and women in evening dress. Seats in the best loge were \$1.30 to foreigners. This is or was, one of the theaters subsidized by the Government. When the Allies de-

cided that under the Versailles treaty subsidies to a theater were a luxury and this money should be used for reparations, prices were raised 400 per cent in order to keep the house open. That as much as possible of this increase might be paid by foreigners it is provided that every German, upon showing his card of identification, shall be rebated two-thirds of this price, so that they can hear grand opera at 5 cents for standing room or 44 cents for the best loge.

At one of the great music halls where the middle class takes its recreation—an enormous place, with hundreds of tables placed close together—admission was a fifth of a cent. One figures taxi rates by multiplying the indicated figure by 80. The charge for a victoria for two for the 2½ mile ride from the pension, where many of the commission were quartered, to the hotel, where were the headquarters, was 9 cents and for a taxi 19 cents. Formal dress suits, tailored, cost \$13, silk scarfs and hose 10 cents. We were advised that the proper tip was 10 marks, or less than a cent. A member of the commission exchanged 5,820 marks for 17 Swiss francs and had to pay 300 marks for the 1-franc stamp on his passport. The streets are full of old women begging; when a 100-mark note is dropped in their box they try to fall on their knees in gratitude. It is 8 cents, or was; much less now. Americans are charged all the traffic will bear. At the three or four best hotels an American is charged New York prices. In the shops when an American is recognized at least 100 per cent is added. There are no price marks on goods displayed. They said they never could tell how much the price would be raised the next day.

All of the people who were comfortably situated, living on income from rents or investments, are absolutely ruined. A very capable young man, a high official, who furnished a good deal of information, gave a striking illustration. His father was wealthy. He had invested 200,000 gold marks in Government securities to provide his daughter a dowry and an income. This amounted to approximately \$50,000, yielding \$1,500 a year, which amply provided for the young lady in Germany. Now this \$50,000 investment figures about \$167 and yields an income of \$5 a year. "I bought a hat like this," said this young man, "in October, 1920, for 250 marks. In April, 1922, I paid 170 marks to have it cleaned and 1,350 for a new one exactly like it. Six weeks later the price was 7,000 marks. In July I paid 80 marks for a pound of butter; to-day it is 380. The mark in 1920 was worth 8 cents; to-day it is worth eight-tenths of a cent. But prices have not gone up ten or thirty times. My salary is 189,000 marks, of which 18,000 is taken in taxes, leaving me 170,000 marks," which then was about \$136, leaving him less than \$12 a month.

Skilled and unskilled labor receives about the same wage, which is based on the estimated cost of living for a man, wife, and two children. The rate is fixed by a tribunal with one employer, one labor-union man, and a representative of the socialist government. The commission visited the great electric works of Jiemens, Schuckert Co. They have 56,000 employees in the Berlin plant and 34,000 in another plant. Their skilled employees receive 20,000 marks a month—\$16. The eight-hour day is in force and they are running three eight-hour shifts. Coal miners and skilled carpenters receive 25,000 to 30,000 marks—\$20 to \$24. It is generally accepted that an unmarried man can get along lavishly on this wage but that the man with a large family has to economize. Girl stenographers receive from 4,500 to 6,000 marks, \$3.40 to \$4.80, a month. The ordinary laborer has meat or fish once a week.

House rents have been raised 500 or 600 per cent. Then the Government prohibited a further raise, which has bankrupted owners of houses and apartment and business blocks. You can buy apartment houses for a fifth to a tenth of their cost. Nobody will buy; taxes and expenses make them a liability.

And still factories were working night and day, with equal activity in the fields, in shops, in banks. It is doubtful if one can find anywhere as prosperous appearing a country as that traversed all day long from The Hague to Berlin.

These are the impressions the Germany of to-day offers.

#### ENGLAND.

Great Britain has balanced her budget, of course. The ax has been swung lustily upon expenditures. The Geddes pruning committee provided a reduction of expenditures of \$350,000,000 in the war and \$305,000,000 in the civil list. The army was reduced from £106,665,000 in 1921 to £82,300,000 in 1922, the navy from £82,479,000 to £64,884,000, the air force from £18,411,000 to £10,895,000, and the civil service from £379,035,000 to £317,455,000. The commission was advised by treasury officials that instead of a deficit there was a balance of receipts above expenditures of £56,500,000, or \$280,000,000, for the first six months of 1922, and that they were perfectly satisfied with the outlook.

Their optimism may be justified. England has accomplished wonders. One might venture to suggest that possibly the British officials do not attach sufficient importance to the great reduction of revenue. Yielding to an overwhelming demand from business interests for reduction of taxation, the income tax was reduced from 6s. to 5s. Upon the basis of the reduced taxation estimated receipts for the current year show the following tremendous decrease from the receipts of last year:

	1921-22	1922-23
Customs.....	\$130,152,000	\$112,250,000
Excise.....	194,281,000	160,750,000
Taxes.....	521,274,000	445,800,000
Postal Service.....	40,000,000	35,667,000
Special receipts.....	170,805,000	80,000,000
Total revenue.....	1,124,880,000	910,775,000

Estimated decrease in receipts, \$214,105,000.

A decrease of a billion dollars in receipts offers a problem that "muddling through" will not handle. In the present state of public sentiment further reductions are likely to follow. Can the British Empire live on its constantly reducing income? Of course it can and will, but the task before its officials is a prodigious one. Corporations have paid less each year since the war. On the other hand, the 5 and 6 per cent war loans are being rapidly funded into long-term securities, some at 3½ per cent, the average 4½ per cent. The situation at present is exceedingly good; the danger, if danger there be, is in the future. The total debt in August, 1922, was £7,737,000,000. The floating debts were reduced during the year from £1,363,586,000 to £905,000,500, a reduction of more than a third. England, like Italy, is entirely ignoring any possible receipts from German reparations and working out her own salvation. There is a very general understanding that the



sum demanded of Germany is preposterous, and that the Versailles treaty must be materially changed to give Germany a chance. There is, too, a quite general feeling among bankers and manufacturers in favor of getting together with Germany, settling all controversies, and resuming close trade relations, for these two nations were each the other's largest customer in pre-war days.

Unemployment is a very serious problem in England; there were 1,307,000 unemployed in October receiving Government aid.

The Belgian compromise was characterized in London as "to-morrow-atorium." England understands the situation and the world danger from the present hate and animosity growing out of the Versailles treaty and the impossible reparations, and the feeling is growing daily that the nations must get together and arrive at a definite settlement before the period expires.

British-American trade shows a tremendous balance in favor of the United States. While only 10 per cent of British exports go to the United States, Britain buys from the United States seven times as much as she sells.

At a conference at the American Chamber of Commerce Manager Weeks, of the London branch of the National City Bank of New York, expressed a view that seemed to meet unanimous approval. Mr. Weeks suggested that Congress should give the congressional commission authority to reduce or waive interest on allied debts to the United States; that the United States and Great Britain hold a conference to discuss the international situation; and that later a general conference be called. Since the Allies can not pay the United States in gold or goods, the only other way is credits—an international loan by the United States and Great Britain jointly. If the United States would waive interest it would do away with the present antagonism of the world toward the United States and create friendship. Good will is needed for trade among nations as well as among individuals. The more the United States will lighten the burdens of the world, the better for the United States materially in the long run.

In England as elsewhere German reparations crop up as the fundamental problem. English agriculture is in the dregs. At the great market in London California apples were selling at \$1.75 a box, Hood River apples at \$2.42. English apples were left on the trees and offered free to any who would pick them. Potatoes were rotting in the ground. A large farmer told the commission he had 200 acres of potatoes; that he would lose 2½ pounds an acre if he marketed them, a total loss of nearly \$2,400. Farmers are putting all the money they can raise or borrow into hogs, as this is the only way they can get any money out of their potatoes. All agreed as to the cause of this situation. The tremendous glut in the market—food products from all over the world rotting here—is due to German reparations. These products have always been transhipped into Germany. The German market is closed. Hence the British farmer is ruined; hence Oregon and Washington and California apples and other American food products are sold for less than at home. America as the greatest producer of food products has quite as much interest as England in the situation. Is the effect not noticeable by the American producer and shipper?

The commission held conferences in London with the British Association of Chambers of Commerce—Sir A. Shirley Bonn, president, formerly chairman of the British trade mission to the United States and of the joint British, French, Italian, and Belgian missions—the British Board of Trade, the British department of overseas trade, the Federation of British Industries, Lloyd's, officials of the British treasury, the American embassy, consulate, and Department of Commerce, the American Chamber of Commerce, and with British and American bankers.

Ambassador Harvey received the commission. Chairman Owens said the commission wished to ask him, if it would not embarrass or involve him, if this is not the time for our diplomatic representatives to speak so that the country may understand in no uncertain way their judgment as to European conditions and problems. Ambassador Harvey smilingly said, "I do not think I would be good at epigrams this afternoon." Chairman Owens then asked as to the suggestion made by another United States diplomat that the allied debts be canceled. Ambassador Harvey replied: "Of course, Congress will not and can not cancel those debts. Our bonds issued against those debts are held not only by our own people but all over the world. They are held in China, Holland, Czechoslovakia. Our Government in offering them for sale declared that back of them as the security of them was the security of the allied debts. The United States will never repudiate an obligation. They talked about a vicious circle. There is no circle. It is a straight line. One end is Germany and the other in the pockets of the people of the United States. England can and will pay." The ambassador made some other characteristic comments not for publication.

#### SWITZERLAND.

The financial and commercial situation in Switzerland, as well as in Holland, demonstrates the economic interdependence of the countries of the world. Because of chaotic conditions resultant not so much from the war as from the so-called peace treaties, the neutral countries of Europe, as well as the former belligerents, are suffering and almost on the verge of collapse. The Swiss franc has maintained parity; the cost of living and prices generally are high; business and industry are greatly depressed.

The 1921 budget showed a deficit of 133,200,000 francs—receipts, 384,600,000 francs, expenditures, 517,800,000 francs. The 1922 budget shows a slight decrease in the deficit—receipts, 422,200,000; expenditures, 528,600,000; deficit, 106,400,000 francs. It is to be noted that the 1922 deficit equals 25 per cent of the receipts and 20 per cent of the expenditures, a very unsatisfactory situation. A protective tariff went into effect July 1, 1921, which increased receipts about 50,000,000 francs. The total debt of the Swiss Confederation increased from 1,862,856,600 francs, January 1, 1921, to 1,946,100,000, January 1, 1922. To this is to be added the debt of the Government-owned railways—2,283,625,000 francs, making a total of 4,200,000,000 francs, or approximately \$840,000,000.

The general business depression which began in April, 1920, continues, notwithstanding the energetic efforts of the Government to protect industry by levying a protective tariff, restricting imports, subsidizing the hotels, and providing unemployment insurance. Unemployment has steadily increased and is expected to continue. Swiss imports from the United States fell off more than 50 per cent in the first three months of this year, from \$15,934,746 in the last quarter of 1921 to \$7,333,035 in the first quarter of 1922. Of the total imports in these periods foodstuffs amounted to \$12,324,420 and \$3,882,325, respectively. Thus the great loss to the United States was in food-

stuffs. Exports of Switzerland's great watch and clock industry fell from \$7,381,545 in the last quarter of 1921 to \$5,968,146 in the first quarter of 1922. In this industry the unemployment increased from 5,063 in 1920 to 27,787 December 31, 1921, and 24,579 March 1. The tourist industry is in many parts of Switzerland the leading industry. It has suffered and is suffering tremendous depression, so great that the Government had to dip into the public treasury to keep the hotels open. The falling off of 75 per cent of imports of foodstuffs from the United States is thus explained. Swiss hotel keepers ascribe the lack of tourists to the same fundamental cause to which every ill of the world is ascribed, the German reparations. Wealthy Germans had always flocked into Switzerland and patronized the hotels. Now there are no wealthy Germans, and Swiss hotels are empty. Here is direct line from American producers to the reparations problem, just as English farmers are on the verge of ruin because of the prodigious glut in the London market of produce from all over the world which formerly went into Germany. It may be stated positively that Switzerland has no sympathy with the attitude of France and Belgium and more nearly approximates that of Holland. Germany must prosper if Switzerland is to prosper.

#### FRANCE.

France was the sufferer from the World War, not Belgium. France suffered tremendously. No matter what happens in Europe, despite the insistence of France that her life and that of civilization depends upon prompt payment of German reparations, France will pull through. But she has a big job before her, and she must change her attitude.

France had under arms one-fifth of her population, she furnished one-fifth of the fighting men on the side of the Allies, she lost one-fifth of her soldiers. This is a greater percentage in each instance than that of either of the other belligerents.

France spent \$12,500,000,000 in the war. She suffered property losses of \$3,000,000,000 or \$4,000,000,000 gold. Her war expenses and property damage amounted to nearly a third of her national wealth, as compared with one-thirteenth for the United States. In addition, France has payment to make of \$117,000,000 a year upon pensions, \$1,767,000,000 upon interest on her war debt, and \$300,000,000 a year on interest to Great Britain and the United States. France financed the war as no country save Great Britain and the United States might do. Still the French Government borrowed from the Bank of France during the war \$5,653,000,000 and issued \$10,000,000,000 of 5 to 4½ treasury bills. The total of the national debt is to-day approximately \$60,000,000,000.

The budget for 1922 included for public debt 13,320,000,000 francs, for military expenses 4,539,000,000, and for civil 6,828,000,000, a total of 24,687,000,000. The revenues were 23,000,000,000, in expected German reparations, which is very unlikely to be paid, leaving a total deficit of nearly 25,000,000,000 francs, or approximately \$5,000,000,000 under normal exchange rates, or something under \$2,000,000,000 at present varying exchange. The budget for 1923 provides 12,345,000,000 for public debt, 5,035,000,000 for military, and 5,799,000,000 for civil, a total of 23,179,000,000. The revenues are estimated at 19,285,000,000, deducting from which the hoped-for German payments leave a deficit of 26,884,000,000, or \$5,400,000,000 at normal exchange. It is to be noted that the French budget deficit is increasing rather than decreasing, largely because of military expenditures, which ought to be practically eliminated. Interest on the national debt reaches appalling figures. It ate up 51 per cent of the national revenue in 1921, 60 per cent in 1922, and 64 per cent in 1923. It is significant that interest on the debt of France to the United States and to Great Britain is given no consideration in the budget. As previously stated in this report, France has no thought of paying this. France is reducing its expenditures, except military and naval, and has increased taxation almost to the breaking point. But to meet these tremendous deficits, the public debt has been increased \$9,000,000,000 in three years, and while paper currency has been reduced \$64,000,000, national-defense bills or short-term bonds have increased \$4,000,000,000.

In spite of this situation, the thrifty French people continue to go down into their stockings and absorb eagerly every government obligation offered. They hold six-sevenths of the entire French debt. Two years ago funding loans of \$8,500,000,000 were placed at par. The character of the French people, their wonderful thrift, their absolute faith in the securities of their government, will ultimately save the Republic. And what can be secured from Germany when a reasonable settlement is reached will be a very material help. France is entitled to it. America will uphold the part of right and justice in seeing that she receives it, not by force of arms, as many in France unwisely urge, but by calling a conference and outlining a reasonable settlement.

France has increased taxation to the limit. There have been imposed a general income tax, taxes on income from real estate, from profits and from salaries, wages, pensions, and all earnings. All existing taxes, principally indirect, were largely increased. The total collected by taxation increased from 4,200,000,000 francs in 1914 to 6,200,000,000 in 1917, 12,000,000,000 in 1919, 18,000,000,000 in 1920, and nearly 22,000,000,000 in 1921.

When German troops marched across the border, the Bank of France held a gold reserve of 73 per cent against its circulation. Paper currency increased about 35 per cent to 1920 and has been slightly reduced in the last two years. The bank now holds a specie reserve of 15½ per cent, which is a remarkable showing. The French people again demonstrated their thrift and faith by responding to the appeal of the bank in war days and bringing in exchange for notes 2,500,000,000 francs in gold.

Since 1919, the balance of foreign trade has been reduced from adverse figures of about \$1,300,000,000 to practically nothing, although in pre-war years it had been heavy. Trade with the United States, which totaled about \$300,000,000 in 1910-1914, had doubled in 1921, with exports of \$1,500,000 and imports of \$4,500,000.

Because of the fact that the United States, therefore a debtor nation, had become a creditor nation and had absorbed its securities held abroad, because of the continuous flow of gold from Europe to New York to pay for supplies purchased in America, because of the loans made by Europe in America, and because of the tremendous increase of exports from the United States and adverse balance of trade against France increased tenfold, the parity of the franc could not be maintained. It increased from approximately 20 cents during the early war period, when American securities held in Europe were dumped on the New York market, to 22 or 23 cents, and then steadily fell, reaching the low mark of 6½ cents in 1920 and about 7 cents, with continuous fluctuations, since.



The devastated area of France, which suffered not only from the effects of war and enemy occupation but also from ruthless and wanton destruction by the Hun, while comprising only about 6,000 square miles, was the richest industrial district of France, producing 92 per cent of the iron ore, 74 per cent of the coal, 70 per cent of cotton products, 80 per cent of wool products, 60 per cent of the steel, 55 per cent of the flax, 47 per cent of the sugar, and 14 per cent of the wheat. France estimates the loss, including "individual injuries," at \$7,250,000,000. France lost 57 per cent of her young and middle-aged men in the war, and other hundreds of thousands were seriously injured.

With rare courage France has undertaken and in large degree carried through the work of reconstruction. Very largely the cruel work of the Hun has been repaired. The visit of the commission to this district demonstrated this. It showed the peasants back on their farms, in many instances living in temporary shacks, but everywhere raising crops to feed the nation. Now, practically all of the agricultural area is under cultivation. France has expended upon this work of reconstruction about 90,000,000,000 francs, or \$18,000,000,000, expecting to be repaid in full by Germany. If it could be thus repaid and the United States and Great Britain would kindly forget the billions loaned, France could balance its budget. Neither of these saving conditions will come to pass.

France has received back Alsace-Lorraine, with the greatest body of iron ore in Europe, with the potash mines that gave Germany a world monopoly of potash, and with a wealth of perhaps \$4,000,000,000. France also has for 15 years the Saar coal basin, which before the war produced annually 12,000,000 tons of coal, 1,400,000 tons of pig iron, and 2,000,000 tons of steel. It has nearly 600,000 square miles of colonial territory added to its possessions. It is the British opinion that these gains more than offset the entire loss caused by the war. It is perhaps a fair estimate to say that the public wealth of France to-day is as great as it was before the war, about \$60,000,000,000. While the total debt of France increased from 33,637,000,000 francs, in 1913, to 267,743,000,000, in 1921, and the foreign debt, included in the above, from nothing to 35,563,000,000, it is the judgment of the commission that France can and will find the way out of its financial difficulties, irrespective of German reparations, but without difficulty if the reparation problem is solved as suggested.

France must reduce its expenditures for defense, and to do this must be assured that she will not be attacked. She must reduce her civil expenses. Her officials and employees drawing salaries from the treasury number 150,000 more than in pre-war days.

The commission made its first study in France. In France the first impression received from French officials and from Americans there resident was the prevailing fear that France would again be attacked by Germany. This is a psychological condition that must be considered. Before there can be a stabilization of world conditions France and Germany must be assured against attack. We believe this is possible without the guaranty of the proposed treaties that Great Britain and the United States should contract to protect France against attack. If the treaty proposing this had been presented to the Senate, it is our belief that it would have been approved. With all faith in and adherence to the traditional policies of America, we believe that under a reasonable settlement France can live and prosper and pay its debts.

The situation in France has been discussed at great length because the attitude of France toward a reasonable settlement of the world problems is to-day the greatest hindrance to world peace.

The International Trade Commission was given every opportunity to learn the attitude of France. It absorbed it; it was not impressed by it. The dominant feeling in France is fear of another attack by Germany. Because of this France maintains an army of 800,000 men and has financed the armies of Poland and neighboring States. These outrageous expenses can be reduced to a minimum and will be if the American principle of justice and righteousness is impressed upon the world.

The commission received every courtesy and assistance from American representatives in France. Conferences were held at the embassy, where Ambassador Herriek's absence—who had been of such great aid to the American commission in 1913—was greatly deplored, at the consulate, at the American Chamber of Commerce, at the International Chamber of Commerce, and with the minister of commerce of the French Government.

From the mass of facts and figures an analysis can be best obtained by quoting Dr. Chas. D. Westcott, United States economist consul. Upon instructions from Secretary Hughes, Doctor Westcott furnished a report, which may be epitomized as follows:

"There is a general though gradual improvement in French production, transportation, and commerce in 1919-1922. Average daily freight-car loadings increased from 30,100 in January, 1920, to 41,800 in April, 1922. Freight on inland waterways increased about 25 per cent. The balance of trade has steadily decreased in its operation against France. In 1919 of 32,210 tons, 71 per cent was imports and 29 per cent exports; in 1920, of 45,740 tons, 63 per cent was imports and 37 per cent exports; and in 1921, of 49,190,000 tons, 55.6 per cent was imports and 44.4 per cent exports. In the first five months of 1922 the excess of imports was 65 per cent in volume and adverse trade balance of 2,657,291,060 francs, or 28 per cent. The cost of living increased by 44 per cent in 1919-20, declined about 10 in 1921, and since then has risen steadily. Production of coal, iron, and steel has steadily increased. Unemployment is not a serious problem. While there has been a gradual industrial recovery, stability has not been reestablished, for while commercial inflation has ceased and deflation begun there can be no restoration of normal economic conditions because fiscal inflation still continues. Thus a group of French stocks showed 65 in January, 1919, 63.8 in April, 58.1, 57.4, and 58.9 in April, 1920, 1921, and 1922, respectively. Railway debentures show a like fluctuation. Paris clearing-house returns show a monthly average of 6,000,000,000 francs in 1914, 14,000,000,000 in 1920, 14,800,000,000 in 1921, and 11,600,000,000 in 1922. The value of the franc in dollar exchange, which is the great hindrance in mutual trade relations at present, declined from 18.3 cents in January, 1919, to 9.1 in December; declined from 9.03 in January, 1920, to 5.91 in December; advanced from 6.32 in January, 1921, to 7.81 in December; and decreased from 8.13 in January, 1922, to 7.80 in July.

"A profoundly disturbing factor is the continued increase of the public debt, already a crushing fiscal burden. 'The enormity of that debt,' declared M. Doumer when Minister of Finances, 'constitutes a grave public danger. Its further increase must be stopped at any cost.' On January 1, 1922, it totaled 328,002,000,000 francs, of which

177,880,144,446 represent increase since the war. It now absorbs in annual interest alone more than half the national revenues.

"Outstanding short-time treasury notes, maturing within a year, amounted to 68,000,000,000. If payment is demanded at maturity instead of accepting new notes, repudiation and insolvency are inevitable. The limit of taxation has about been reached and it is impossible to balance the budget, in default of heavy payments by Germany, without additional loans. Thus fiscal inflation in France, as elsewhere in Europe, proceeds in a vicious circle, which may precipitate at any time a crisis of unforeseen economic and political consequences. Obviously, the situation is one of grave national perplexity, worse confounded by apprehension of the imminent future."

In reply to a direct question whether Great Britain, France, and Germany, if they honestly tried, could not work out the problems of the world, Doctor Westcott said:

"If they tried, Great Britain, France, and Germany, with the aid of the United States, could save the peace of the world. It can not be done without the participation of the United States. France is staggering; it is problematical whether France can stand the strain, France for centuries the bulwark of civilization. France went to her own people and said, 'Germany will certainly pay; Germany will begin paying within one year. We must start rehabilitation immediately.' And so France spent 90,000,000,000 francs in renewing the devastated region, relying upon repayment through German reparations, of which she has not received one dollar. If France fails, we might expect to see the whole Continent of Europe swept by a wave of Bolshevism. What would be the effect on the United States if Europe went down completely? We have our troubles now, probably due to Bolsheviks financed from the imperial reserves of Russia."

Judge Berry, president of the American Chamber of Commerce, declared that in the last three years Germany has shipped all of its money out of the country and that England has done everything to prevent anything being paid to France, under its time-old policy of dividing the Continent so as to prevent there being one too strong country. "I want you gentlemen when you return," he said, "to show what Germany has been doing and to get America to use its influence not to loan money but to make Germany pay. Let America know that Germany can pay and should be made to pay. England knows the situation and is preventing Germany from paying. The Reparation Commission is one of the worst organizations under the treaty. If they had decided the amount at Versailles, Germany would have paid at once. They created this commission and in the meantime Germany evaded payment and got away with all its goods."

Doctor Westcott stated that Germany has sent to the United States, England, and other countries \$10,000,000,000; that this statement was made by Stinnes himself.

It was officially declared that the cost of living in 1922 is three times that of pre-war days. Prices in Paris are considerably higher than in New York.

Fear of another attack by Germany and insistence upon payment of German reparations overshadow every question of trade extension.

#### HOLLAND.

Aside from Switzerland and Sweden, the Dutch unit of value is the only one on the Continent maintaining pre-war parity, or practically so. During the European visit of the commission, the guilder was only a fraction over a cent below par. What keeps it up is rather a mystery, for the financial and economic condition of Holland is neither good nor sound. The Dutch budget for 1921 showed a deficit of 230,000,000 guilders, or about \$92,000,000, and for 1922 of 248,000,000 guilders, the deficit equaling nearly 50 per cent of the total revenues. While the total debt on January 1, 1922, was \$960,000,000, all held in Holland, during the year loans amounting to \$40,000,000 were floated abroad, largely in the United States, making a total debt of approximately \$1,320,000,000.

Holland is not pro-German; that does not express it. Holland depends absolutely and entirely upon Germany, according to officials, financiers, and business men, and if Germany fails Holland is doomed. Germany must be prosperous if there is to be a future for Holland. And so it is out of the question for Germany to pay the demanded reparation.

In the Amsterdam district financial and commercial conditions were declared by all authorities to be bad. There were a few who were optimistic enough to say that the tide has turned, some who said that the bottom had been reached; but the majority opinion was that present bad conditions are going to be worse. Although there has been considerable increase in the volume of harbor traffic in 1922 over 1921, the balance of trade is decidedly adverse. In the first six months of 1921 Amsterdam imported 1,300,000 long tons and exported 700,000, while in the first six months of 1922 the imports were 1,800,000 and the exports 800,000. The commodities greatest in volume are coal, grain, minerals, fuel oil, petroleum, stone, tea, tobacco, and lumber. The exports to the United States increased 25 per cent in the first six months of this year, and imports from the United States increased 40 per cent.

Shipping and shipbuilding industries are suffering badly, as all over the world. No improvement is expected. Machinery works are the one exception; they are fairly prosperous. The Fokker airplane factories are booming, chiefly on orders from the United States. The textile industry has weathered the storm. The artificial silk industry has so prospered that an enormous factory has been built and is in operation near Arnhem, shipping its products chiefly to the United States. Most of the new war industries, chemical, clothing, furniture, have collapsed. The banks all had large reserves, which covered their losses, and there have been no failures. Amsterdam is the greatest diamond market in the world. The condition of this industry would indicate improved times in the United States, which takes 75 per cent of the diamonds shipped. There has been an increase of 20 per cent in 1922 over diamond shipments in 1921 to the United States.

German competition, which has been very harmful, is gradually passing, with the exhaustion of German goods manufactured at pre-war prices, and the necessity of German manufacturers paying high prices for imported raw material. The principal reason for the present economic situation is ascribed by everybody to the depreciation and instability of the German mark, for Holland is indissolubly tied up with Germany.

There is a new field opening for American shipments of chemicals, hosiery, underwear, clothing, textiles, rubber goods, and tools and machinery, which have always heretofore come from Germany. The quality of German goods is deteriorating badly, according to Dutch importers, and the same complaint heard elsewhere is voiced that German manufacturers will accept competitive orders at a low figure and then refuse to fill them unless the price is raised. There is noticeable,



unlike the situation in Belgium, a growing disposition to do business with the United States. It is manifest in every line of trade. The chief difficulties are the long haul, causing high freights, and the insistence of American shippers upon cash payment instead of giving long credits. By conforming to the terms to which European importers are accustomed, there is a market in Holland for almost every United States export, particularly agricultural machinery, cattle feed, dress goods, electric motors, flour and foodstuffs, garden tools, gas stoves, hardware, hosiery, household articles, kitchen ware, lawn mowers, leather and leather goods, machinery, petroleum, refrigerators, shirts and collars, textiles, tin plate, and paper. Despite her sympathy with Germany there is not the slightest evidence of the unfriendly feeling so manifest in Belgium; on the contrary, Holland is ready to do an increasing business with Uncle Sam.

#### BELGIUM.

The attitude of Belgium upon German reparations is identical with that of France. Germany must pay in full. The Belgium budget for 1922 shows a deficit of 1,142,150,931 francs, notwithstanding there is figured as revenue 2,500,000,000 francs expected to be received in cash from Germany on reparation account. The public debt of Belgium is more than 34,000,000,000 francs. If Germany fails to make large reparation payments the financial prospects of Belgium are rather gloomy. In fact, the United States acting trade commissioner at Brussels, Mr. Hunt, told the commission that unless Germany pays it will be impossible for Belgium to balance its budget.

Discussing trade conditions, Mr. Hunt said that American exporters do not ascribe the necessary importance to personal knowledge of Belgian importers. American shippers insist upon payment when goods are shipped, while Belgian merchants want to receive and examine the goods before paying. Direct contact between exporter and importer is necessary. The Belgian merchants are men of good character and financially sound, but they want to know the Americans from whom they buy. There is in Belgium a good market for American lumber.

In a conference at the office of the Comité Centrale de l'Industrie, the president, M. Carlier, said that Belgium must import 70 per cent of its food and depends largely upon the United States. But to buy from the United States, Belgians must be given long credit. They are honest and one can know that they will pay their bills. Belgium is like Germany. While the Government faces financial ruin, industry is very prosperous.

It was impressed upon the commission officially that Belgium, in spite of our sympathy and evergenerous aid, has no use for the United States. Belgium imports from the United States just as little as it can; foodstuffs because it can not get them elsewhere. Belgium buys cotton in England at a higher price than it would have to pay in the United States, principally because of personal acquaintance and friendship. Mr. H. H. Morgan, United States consul general at Brussels, said that there is a market in Belgium for a good deal more American products than are now imported, but good propaganda would be necessary, and American agents must come to live permanently in Belgium and come in contact with the life of the people. In 1919 the United States led in imports to Belgium but thereafter Belgium fell into the arms of Germany. In 1921 Germany shipped more goods into Belgium than in 1913. This year France leads, followed by England, Germany, and the United States. In the first four months of 1921, of the total imports into Belgium, amounting to 3,670,000,000 francs, the United States contributed 725,260,000, but of 2,717,000,000 in 1922, our share was only 274,325,000. It is perhaps not hard to understand this, when one considers the insistence of American shippers upon cash on shipping receipts and the willingness of German and British shippers to give nine months' time, and their very close study and adaptation to the real or fancied needs of the buyer.

Another rather significant fact learned in Belgium is that America has no comprehension of the real situation there. Only 1 per cent of Belgium actually emerged from the war in better financial condition than before. The millions poured by Americans into Belgium for relief are unnecessary and wasted. We were assured on high official authority that not more than 30 per cent of this money reaches the people for whom it is intended; it is spent in extravagant balls, on special trains, and similar unnecessary expenditures. The commission was urged to send word to all charitable Americans to stop sending checks to Belgium, that the money could be used to better advantage on home charities. An American lady had been in Brussels, recently, planning to raise \$50,000 a month for Belgian orphans, and the Belgians are quite able to care for them.

France was the sufferer. The cost of living is much less than in France, prices in the shops are less, the need of relief is palpably absurd. In Paris the struggle of the nation and the people to pull through is very much in evidence. It is not the old Paris. The wonderful gowns are few and far between. Neither men nor women are well dressed on the street. There are no such symptoms in Brussels.

Belgian industry, from the employers' standpoint, like that of Germany and England, is well organized. The Comité Centrale de l'Industrie includes most of the concerns in 82 different industries. President Carlier explained that he was chairman of an international organization, uniting all of the employers of the world, to counter-balance the international organization of labor.

The commission visited the International University at the Palais de Ville, where are students from various European universities taking postgraduate research work and lectures on cultural subjects. The president, M. Odlet, explained that Belgium resented the location of the League of Nations at Geneva, believing Brussels the proper place for a world capital, so had established this university to unify the world through the realm of intellect.

There is a chance to increase trade with Belgium, but a local Belgian agent is required, with an occasional visit from the American shipper. Long credit instead of cash must be the terms to compete with Germany and England. Business and industry are in good shape and sound. Government finances are in bad shape and unsound, with a slowly increasing inflation and an inevitably decreasing franc.

A memorandum prepared for the commission by Consul General Morgan stated that political unrest, waste, and extravagance in all departments of the Government and the violent fluctuation in exchange have had an unprecedented and depressing influence on the economic situation, and there is a feeling of pessimism and gloom in all industries. Commerce for the first four months of 1922 showed imports of 2,717,239,000 francs and exports of 1,797,287,000, an adverse trade balance of about 9,000,000,000 francs and a decrease of about nine billions in imports and eight billions in exports over 1921. Imports from the United States decreased from 725,262,000 francs in

1921 to 274,325,000 in 1922 and exports decreased from 78,051,000 to 67,211. The total business with Germany was about a billion in the first four months of 1921 and 600,000,000 in 1922. Imports from the United States have steadily decreased from 2,271,832,347 in the year 1920 to 1,106,269,967 in 1921, and will not exceed 800,000,000 francs in 1922. About 40 per cent of imports from the United States are foodstuffs, and two-thirds of that grain. Asphalt, tobacco, lumber, oil cake, cotton, chemicals, leather, and automobiles make up the balance. Belgium is building up a large trade with South America, which is financed by heavy Government credit subsidies.

Belgium's national debt has increased from five billions before the war to forty billions—5,714 francs per capita. The paper circulation has increased from one billion to six and one-half billion francs. The actual specie reserve is about 5 per cent. Government expenditures have increased fivefold. Expenses for national defense increased from 89,000,000 francs in 1914 to 558,000,000 last year. The receipts of the Government for 1919-20 amounted to 4,900,000,000 francs and expenditures to 16,000,000,000, an excess of expenditures of 11,250,000,000. Government expenditures and circulation are steadily increasing. Belgium has spent 615,000,000 francs for reconstruction of private buildings and 96,000,000 for roads and bridges. Belgium was not devastated to anything like the extent reported, only 1 per cent of the country suffered, and that was all in West Flanders. Belgium was as well, if not better off after the armistice as before the war. Two American ships entered the port of Antwerp in 1913. There were 151 in 1919, 362 in 1920, 229 in 1921, and 103 in the first six months of 1922.

Belgium has received in German reparations 1,135,000,000 gold marks in cash and payments in kind of 613,000,000. From this is to be deducted the expense of the Belgian army of occupation, 304,000,000, and expenses of the French and British armies of occupation, 640,000,000, a total of 844,000,000, leaving 904,000,000 gold marks paid by Germany. The Belgium Government claims 13,000,000,000 paid out in reconstruction to be repaid by Germany.

About a year ago the Belgian prime minister stated that the per capita tax was 280 francs, which remains in force. Belgian currency is inflated, now reaching the figure of 6,500,000,000 francs. Exchange has fluctuated between 11 and 15 francs to the dollar, the normal being 5. The balance of trade was 4,000,000,000 francs against Belgium in 1920 and 3,000,000,000 in 1921.

#### ITALY.

There is an entirely different attitude and a cheering atmosphere in Italy. Italy has cleaned house. In Italy nothing was heard about reparations and there was no crying about the debt to the United States. If Germany pays something, well and good, it will help. If not, Italy will work out her own salvation through the wisdom of her statesmen and the thrift and economy of her people. She owes billions to America. It is an honest, honorable debt, and it will be paid honestly and honorably. She can not pay now, but she will keep on digging until she can. All she asks is that if America makes concessions to other of the Allies, the same shall apply to Italy. In all conferences held by the commission in Italy there was no allusion to reparations or allied debts.

A convincing proof of the sincerity and wisdom of her policy is the fact that since the war Italy has reduced her budget deficit from twenty-one billions to six billions, a record diametrically different from that of any other continental nation, and one to which England herself may accord due respect. Two incidents laid the foundation for the very sympathetic and friendly spirit in which the commission studied Italian conditions; one was the extreme cordiality of its reception and the other was the fact that at Rome, at the International Institute of Agriculture, where a formal reception was tendered upon arrival, the American commission of 1913 was welcomed by their majesties of Italy at a ceremony probably unique, with every civilized nation officially represented, and bidden Godspeed by them and the great institute that binds the world in ties of friendly cooperation. A reminder by officials of the institute of the great accomplishment of the commission in 1913 strengthened the hope that something of value might be accomplished in 1922.

At the reception Baron de Bildt, delegate from Sweden, officiated, assisted by Minister Lao, delegate from Portugal; Señor De Campos, delegate from Brazil; and M. Rjon, delegate from Holland. The general secretary of the institute, with chiefs of all divisions and their respective staffs, participated, with representatives of the American Embassy and consulate, the Italian sections of the International Chamber of Commerce, the Rome Chamber of Commerce, the General Federation of Italian Agriculture, the Commercial Industrial Union, several other industrial and agricultural organizations, leading Italian journals, and the foreign press.

In his address of welcome, Baron de Bildt paid a high tribute to the late David Lubin, of California, founder of the institute, which he said always kept his chair empty and wreathed in immortelles.

Chairman Owens, in acknowledging the greeting, said that he had the honor at the moment the bust of David Lubin was unveiled in the institute to present to the Secretary of Agriculture at Washington a portrait of Mr. Lubin, a duplicate by the same artist of the portrait in the institute.

In a conference at the American Embassy, presided over by Mr. McLean, commercial attaché, and later by Mr. Gunter, chargé d'affaires, Mr. McLean explained that Italy emerged from the war with a large debt and industry developed far beyond existing needs, which made difficult the problem of returning to normalcy. The economic crash caused by deflation came in Italy several months later than in America, but was no less severe. The improvement now apparent in the United States has not yet come to Italy, but the bottom has been reached and the tendency is toward improvement. Italy is an agricultural country, so that the business depression, while very hurtful to industry and commerce, is not felt by agriculture to any extent.

While an agricultural country, Italy's production is low. It raises only two-thirds the wheat needed, and is short of all raw materials. Three-fourths of the wheat imported comes from the United States. Next in importance is cotton, practically all of which comes from the United States. The need of foodstuffs and raw materials causes an unfavorable trade balance. Before the war this was about 1½ to 1. It increased greatly, but now is steadily decreasing. The invisible elements to balance are money sent home by Italian emigrants and the tourist industry. After the war both were greatly reduced, but remittances from abroad are now two or three times pre-war, and foreign tourists about as before.

Exchange has greatly injured imports from the United States, because Italy finds it advantageous to buy in European countries having



a currency more depreciated than her own. Wheat, cotton, mineral oil, steel, and iron constitute 89 per cent of American imports. The market is stable. Mr. McLean said his principal task has been to find markets for other American products.

If Italy had coal and iron, it would be in much better condition. It has vast supplies of hydroelectric power, which can be developed, but is developing very slowly for lack of capital. Agricultural production is intensive in high degree, with greater yield per acre than in America, but can not be increased to meet requirements. The hydroelectric development alone has interested American capital. A bill is pending to exempt from taxation foreign capital invested in increasing Italian production and will become a law.

All the principal railways are Government owned. Of the greatest budget deficit of 6,000,000,000 lire the railways are responsible for 1,000,000,000 lire. There is a strong and growing sentiment to take the Government out of industrial business, but it is hard to see how it can get rid of the railways, because it would be difficult to distribute them among a number of private corporations, and no one company could take them all over.

Asked if American interests by extending credit in lire to Italy would not profit largely by the increase in value of the lire to approximate its former parity, Mr. McLean said he had lived in Italy three years and was an optimist, but he feared the appreciation of the lire would be very slow. What is far more important is to stabilize exchange. A rapid appreciation would be harmful. Italy now has 18,000,000,000 to 19,000,000,000 paper lire, as against 3,000,000,000 before the war. There is no thought of repudiation. The Government owes 215,000,000,000 lire. If the value should increase rapidly to twice its present value, this debt would be doubled, the laborer ought to accept one lire in place of two, and the Government tax should be reduced one-half. Taking exchange for a year, the average has been about the same, although the fluctuation has been great. The gold reserve is limited, but remains stable. The currency has been reduced, but in place there has been an issue of 30,000,000,000 short-term bonds, at first at 6 per cent interest, then 5 per cent, now 4½ per cent.

Asked as to German reparations, Mr. McLean said that is the great problem of the world to-day, and he hesitated to speak of it. The policy of Italy has been wise not to take into account any possible reparation, but unfortunately she has not taken into account her debts. She owes 22,000,000,000 lire, at present exchange about \$1,500,000,000, which is greater than the total revenue of Italy.

There are about 600,000 unemployed. Wages are five or six times pre-war, which is a greater increase than that in the cost of living. There is an 8-hour day. The average wage is 30 lire per day for machine work, 25 for average labor, or \$1.35 and \$1.10. Before the war the wage was about 60 cents a day. Italy must not be grouped with the nations that have lost control of their economic situation. Her condition is better than that of France.

Compared with the countries to the north a study of Italian conditions is gratifying. The Government is making every effort to balance the budget, while courageously charging all expenditures for reconstruction and pensions directly to the regular budget, instead of carrying some reparation fiction. With equal courage taxes have been raised enormously. Direct taxes, which were 558,000,000 lire in 1913, now bring in 4,300,000,000, taxes on fiscal monopolies increased from 1,067,000,000 to 4,090,000,000, indirect taxes from 657,000,000 to 1,700,000,000, and business taxes from 160,000,000 to 1,000,000,000. Further, receipts from direct and indirect taxation for the first eight months of 1922 showed an increase of 55 per cent over the same period in the previous year. The deficit in the budget for the next fiscal year is estimated by the minister of the treasury at 4,000,000, that for the current year is 6,500,000, that for the preceding year 9,680,000, a gratifying reduction. The total public debt, including bank notes, increased from 107,238,000,000 to 113,930,000,000 in the fiscal year recently closed. This increase was in treasury bonds. Circulation decreased 661,000,000.

Prices in the shops are reasonable; Italy is an excellent place for tourists to shop. Cost of living is not high. There are many very promising openings for American capital. There is vast power to be developed, vast areas of land to be reclaimed, the intensive cultivation of which will enable Italy to come much nearer to self-support, to overcoming the adverse trade balance, and will greatly improve her general economic condition. Far more than any country in Europe, Italy invites and welcomes American investment and commerce. Even Germany, begging for American money, declines to allow American investors control or important share in direction of industries, but offers only interest on bonds. Italy offers what appeals to the investor, full participation and control proportionate to the investment. America may well study Italian offerings. The commission was advised that a prominent Italian financier was leaving for the United States about the time the commission returned, with papers in his pocket to complete a proposition which entailed investment of \$100,000,000 of American capital.

In considering the economic possibilities of Italy it must be borne in mind that Italy is the natural geographic center for trade in the Mediterranean basin. In Albania, Greece, Smyrna, Georgia, Turkey, Syria, Palestine, Rhodes, and Egypt is a population of 40,000,000. With world peace there will develop a largely increased purchasing capacity. Italy has the privileged position, with the largest industrial plant in the basin, cheap power, and a population of 40,000,000 industrious, frugal, and intelligent workers. Italy has a heavy adverse balance of trade with the United States, Italy serving as an industrial base and a traffic depot. By developing Italian industry, the United States can secure a large customer, for her 40,000,000 can become large consumers of American goods, and with Italian cooperation there is open an important trade in Mediterranean markets.

Italy is developing and enlarging her ports, as was demonstrated by a personal investigation by the commission. A system of internal waterways now being completed will place Milan and the industrial centers of Lombardy and Benetia in direct water communication with the sea. American enterprise is taking a large part in the development of the port of Palermo. The electrification of railways now under way offers a field for profitable American cooperation. An assembling plant for American agricultural machinery—to decrease duties largely—with repairs and manufacture of parts could be profitably established. With an assembling plant at, say, Trieste, there would be a large market for low-priced American automobiles, as Italy manufactures only very high-priced cars, largely sold abroad. A large American garment manufacturer in southern Italy, using the product of the Italian cotton mills, would find a ready market and also increase the demand for American cotton. The labor monopoly has been broken in all the ports.

The prevailing sentiment in Italy is for good government and fair play to business and industry.

Italy stands for European peace and reconciliation, reduction of armaments, an era of peace and productive activities. All these things appeal to Americans. It is also significant that on November 10 of this year the new Fascist premier, Mussolini, called in the American correspondents and announced to them that Italy wishes to and hopes to pay its debt to America. "It is an honor debt we intend to make every effort to pay. Italy will ratify at once the Washington disarmament treaty."

#### THE VERSAILLES TREATY AND THE GERMAN REPARATIONS.

The treaty restores Alsace-Lorraine to France and deprives Germany of considerable territory, principally its greatest agricultural areas in Silesia and Poland, and requires Germany to renounce all favorable provisions in treating with the Grand Duchy of Luxemburg.

Germany is forbidden to maintain or construct fortifications on the left bank of the Rhine or on the right bank west of a line 50 kilometers east of the river or to assemble troops in this territory.

Germany cedes to France the coal mines in the Saar basin and all rights to the great potash mines in Alsace-Lorraine and to the allied and associated powers all rights in the territory outside its boundaries and all its overseas possessions. All rights in China are ceded to China.

The military force is limited to 100,000 men, with a specified amount of munitions, arms, and equipment. The use, manufacture, and importation of poisonous gas is prohibited, and Germany is required to disclose to the Allies the nature and mode of manufacture of all explosives and chemical preparations used in war. Compulsory military service is abolished. Military schools are limited in accordance with the reduced army. Schools, clubs, and all associations are prohibited from instruction in or use of arms. All fortifications west of a line 50 kilometers east of the Rhine are to be destroyed. The navy is limited to 6 battleships, 6 light cruisers, 12 destroyers, and 12 torpedo boats. The armed forces must not include any military or naval air forces. Germany is required to compensate civilians of the allied and associated powers for all damage done, to reimburse Belgium for all money borrowed by Belgium from the allied and associated powers up to November 11, 1918, and to pay whatever reparation is fixed by the Reparation Commission. All German merchant ships 1,600 tons and upward are ceded, half interest in ships between 1,000 and 1,600 tons, and quarter interest in steam trawlers and other fishing boats.

A specified number in thousands of horses, cattle, sheep, and goats is to be delivered to France and Belgium; to France 7,000,000 tons of coal a year for 10 years, and an amount equal to the difference between the production of the Nord and Pas de Calais mines before the war and during the 10 years; to Belgium 8,000,000 tons of coal a year for 10 years; to Italy an average of 7,000,000 tons a year for 10 years; to Luxemburg an amount of coal equal to the pre-war consumption of German coal and other quantities of other products as specified.

Imports from or exports to allied or associated States shall pay no higher duty or charge than like goods from any other country, nor may there be any other discrimination.

The Reparation Commission provided that Germany should pay 132,000,000,000 gold marks, or \$30,000,000,000. There have been a number of revisions, and the so-called Belgian compromise of September provided a brief moratorium. Briefly, the payment is to be made in three bond issues of 12, 38, and 82 billions of marks.

#### PERSONNEL OF THE INTERNATIONAL TRADE COMMISSION.

Clarence J. Owens, Washington, D. C., chairman, president Southern Commercial Congress.

Emmett W. Gans, Hagerstown, Md., vice chairman, president Chamber of Commerce, Hagerstown, Md.

Ralph Metcalf, Tacoma, Wash., secretary, State senator; retired newspaper man and manufacturer.

Clarence J. Owens, Jr., Washington, D. C., assistant to the chairman. Joseph Templeton Brownless, New York City, president Appalachian Mills Co., Knoxville, Tenn.; cotton manufacturer.

W. R. Graven, Dayton, Ohio, president Dayton Savings & Trust Co. W. C. Gans, Bethlehem, N. H., iron and steel manufacturer.

Cavalier Edward Giannini New Orleans, La., Italian-American commerce.

Mrs. George D. Hope, Washington, D. C., and Kansas City, Mo., president Geo. D. Hope Lumber Co.

J. C. Harris, Memphis, Tenn., cotton planter and capitalist.

H. B. Kelly, Philadelphia, Pa., general secretary Philadelphia Chamber of Commerce.

Mrs. Charles C. Krichbaum, Canton, Ohio, active leader of women's clubs.

John King, Suffolk, Va., manufacturer, vice president Suffolk Chamber of Commerce.

Mrs. John King, Suffolk, Va., State chairman of legislation of the Virginia Federation of Women's Clubs.

J. F. McCracken, Valdosta, Ga., attorney, president Valdosta Chamber of Commerce.

H. L. Reeder, Florence, Ala., cotton dealer.

F. L. Williamson, Burlington, N. C., president and treasurer Holt-Granite-Puritan Mills Co.

Mrs. Joseph T. Brownless, New York.

Mrs. Emmett W. Gans, Hagerstown, Md., chairman committee on organization and first president Hagerstown Women's Clubs.

Mrs. N. B. Kelly, Philadelphia, Pa., president Western Home for Poor Children.

[Letter from Dr. Harry Pratt Judson, president of the University of Chicago, and report from Dr. Eliakim H. Moore.]

NOVEMBER 9, 1922.

MR. CLARENCE J. OWENS,  
Southern Commercial Congress, Congress Hotel, Chicago, Ill.

MY DEAR MR. OWENS: Herewith I am returning the material you sent me with regard to the proposed recommendation of the Southern Commercial Congress relating to the payment of indebtedness and reparations by certain European powers. I am also inclosing the official report to me on the proposed financial payments by the head of our



department of mathematics. Prof. Eliakim H. Moore is one of the eminent mathematicians of the country.

Very truly yours,

HARRY PRATT JUDSON.

THE UNIVERSITY OF CHICAGO,  
DEPARTMENT OF MATHEMATICS,  
November 8, 1922.

To the PRESIDENT.

MY DEAR DOCTOR JUDSON: In response to the question recently submitted to me on behalf of President Clarence J. Owens, of the Southern Commercial Congress, I report as follows:

The sum of \$1,000,000.00, with interest at 3 per cent per annum, (may) will be amortized by—

Sixty-five annual payments of \$35,000.00 each and a final payment at the end of the sixty-sixth year of—

\$28,186,297.2295

The residue at the end of 65 years, \$28,336,210.9024, with interest for the sixty-sixth year, \$850,086.3271, make the final payment stated.

These figures, which have been with care determined in cooperation with my colleague, Mr. W. D. McMillan, an expert in the use of the calculating machines may be relied upon as quite correct. They exceed the corresponding figures found in the table submitted by President Owens by—

\$0.0132

\$0.0127

\$0.0005

These are the essential figures of that table.

Yours very truly,

ELIAKIM H. MOORE.

Table showing annual payments on principal and interest upon \$1,000,000.00, to be amortized in 66 years at 3 per cent interest and one-half per cent amortization.

(Annual payment, \$35,000.00. Amount, \$1,000,000.00.)

Year.	Interest.	Paid on principal.	Balance unpaid at end of year.
1.	\$30,000.00.00	\$5,000.00.00	\$995,000.00.00
2.	29,850.000.00	5,150.000.00	989,850.000.00
3.	29,695.500.00	5,304.500.00	984,545.500.00
4.	29,536.365.00	5,463.635.00	979,081.865.00
5.	29,372.455.95	5,627.544.05	973,454.320.95
6.	29,203,629.6285	5,796,370.3715	967,657,950.5785
7.	29,029,738.5173	5,970,261.4827	961,687,689.0958
8.	28,850,639.6729	6,149,369.3271	955,538,319.7687
9.	28,666,149.5931	6,333,830.4069	949,204,489.3618
10.	28,476,134.0808	6,523,865.9192	942,680,603.4426
11.	28,280,418.1032	6,719,581.8968	935,961,021.5458
12.	28,078,839.6463	6,921,169.3537	929,039,852.1921
13.	27,871,195.5657	7,128,804.4343	921,911,047.7578
14.	27,657,331.4327	7,342,668.5673	914,568,379.1905
15.	27,437,051.3757	7,562,948.6243	907,005,430.5662
16.	27,210,162.9169	7,789,837.0831	899,215,593.4831
17.	26,976,467.8044	8,023,532.1956	891,192,061.2875
18.	26,735,761.8336	8,264,238.1614	882,927,823.1261
19.	26,487,384.6937	8,512,165.3063	874,415,657.8198
20.	26,232,469.7845	8,767,530.2655	865,648,127.5543
21.	25,969,443.5906	9,030,556.1734	856,617,571.3809
22.	25,698,527.1414	9,301,472.8586	847,316,098.5223
23.	25,419,482.9556	9,580,517.0444	837,735,581.4779
24.	25,132,067.4443	9,867,932.5557	827,867,648.9222
25.	24,836,029.4676	10,163,970.5324	817,703,678.3898
26.	24,531,110.3516	10,468,899.6484	807,234,788.7414
27.	24,217,943.6622	10,782,956.3378	796,451,832.4036
28.	23,895,554.9731	11,106,446.0279	785,345,387.3757
29.	23,560,361.6212	11,439,638.3789	773,905,748.9969
30.	23,217,172.4699	11,782,827.5301	762,122,921.4668
31.	22,865,687.6441	12,136,312.3559	749,986,609.1109
32.	22,499,598.2733	12,500,401.7267	737,486,207.3842
33.	22,124,586.2215	12,875,413.7785	724,610,793.6057
34.	21,738,323.8081	13,261,676.1919	711,349,117.4138
35.	21,340,473.3224	13,659,526.4776	697,689,590.9362
36.	20,930,687.7270	14,069,312.2730	683,620,278.6632
37.	20,508,698.3598	14,491,391.6402	669,128,887.0228
38.	20,073,866.6106	14,926,133.3894	654,202,753.6334
39.	19,626,082.0090	15,373,917.3910	638,828,836.2424
40.	19,164,865.0872	15,835,134.9128	622,993,701.3296
41.	18,689,811.0898	16,310,188.9602	606,683,512.3694
42.	18,200,505.3710	16,799,494.6290	589,884,017.7404
43.	17,696,520.5322	17,303,479.4678	572,580,538.2726
44.	17,177,416.1481	17,822,583.8519	554,757,954.4207
45.	16,642,738.8336	18,357,261.3674	536,400,693.0533
46.	16,092,020.7915	18,907,970.2085	517,492,713.8449
47.	15,524,781.4133	19,475,218.5847	498,017,495.2601
48.	14,940,524.8378	20,059,475.1422	477,958,020.1179
49.	14,338,740.8035	20,661,259.3965	457,286,760.7214
50.	13,718,902.8216	21,281,067.1784	436,015,693.5430
51.	13,080,469.9062	21,919,530.0033	414,090,133.4482
52.	12,422,884.0034	22,577,115.0069	391,519,017.4515
53.	11,747,957.6392	23,254,420.4765	368,264,587.9751
54.	11,047,937.6392	23,952,062.3908	344,312,525.6143
55.	10,329,375.7684	24,670,624.2216	319,641,901.3827
56.	9,589,257.0414	25,410,742.0596	294,231,158.3241
57.	8,826,934.7527	26,173,055.2473	268,056,093.0768
58.	8,041,742.7953	26,958,257.2047	241,099,835.8721
59.	7,232,995.0791	27,767,004.9209	213,332,831.9512
60.	6,399,984.9815	28,600,015.0995	184,732,815.9817
61.	5,541,984.4794	29,458,015.5296	155,724,800.4611
62.	4,658,244.0138	30,341,755.9802	124,933,044.4749
63.	3,747,991.3342	31,252,098.6538	93,681,035.8091
64.	2,810,451.0743	32,189,568.9238	61,491,469.8833
65.	1,844,744.0094	33,155,265.9936	28,336,210.8897
66.	860,086.3296	28,336,210.8897	

Final payment, \$28,186,297.103.

Table showing annual payments on principal and interest of Belgium's debt of \$350,000.00, to be amortized in 66 years under plan proposed by International Trade Commission.

(Annual payment, \$12,250.00. Total debt, \$350,000.00.)

Year.	Interest.	Paid on principal.	Balance unpaid at end of year.
1.	\$10,500.00.00	\$1,750.00.00	\$348,250.00.00
2.	10,447,500.00	1,802,500.00	346,447,500.00
3.	10,293,425.00	1,856,575.00	344,590,925.00
4.	10,337,727.75	1,912,272.25	342,678,652.75
5.	10,280,359.58	1,969,640.42	340,709,012.33
6.	10,221,270.37	2,028,729.63	338,680,282.70
7.	10,160,408.48	2,089,591.52	336,590,691.18
8.	10,097,720.73	2,152,279.27	334,438,411.91
9.	10,033,152.36	2,216,847.64	332,221,564.27
10.	9,966,646.93	2,283,353.07	329,938,211.20
11.	9,898,146.33	2,351,853.67	327,586,357.53
12.	9,827,590.73	2,422,409.27	325,163,948.26
13.	9,754,918.45	2,495,081.55	322,668,866.71
14.	9,680,066.00	2,569,934.00	320,098,932.71
15.	9,602,967.98	2,647,032.02	317,451,900.69
16.	9,523,557.02	2,726,442.98	314,725,457.71
17.	9,441,763.73	2,808,236.27	311,917,221.44
18.	9,357,516.64	2,892,483.36	309,024,738.08
19.	9,270,742.14	2,979,257.89	306,045,480.22
20.	9,181,364.41	3,068,635.59	302,976,844.63
21.	9,089,305.34	3,160,694.66	299,816,149.97
22.	8,994,484.50	3,255,515.50	296,560,634.47
23.	8,896,819.03	3,353,180.97	293,207,453.50
24.	8,796,223.61	3,453,776.39	289,753,677.11
25.	8,692,610.31	3,557,389.69	286,196,287.42
26.	8,585,883.62	3,664,111.38	282,532,176.04
27.	8,475,965.28	3,774,034.72	278,758,141.32
28.	8,362,744.24	3,887,255.76	274,870,885.56
29.	8,246,120.57	4,003,873.43	270,867,012.13
30.	8,126,010.36	4,123,989.64	266,743,022.49
31.	8,002,290.68	4,247,709.32	262,495,313.17
32.	7,874,859.39	4,375,140.61	258,120,172.56
33.	7,743,005.18	4,506,394.82	253,613,777.74
34.	7,608,413.33	4,641,580.67	248,972,197.07
35.	7,469,165.73	4,780,834.27	244,191,362.80
36.	7,325,740.70	4,924,259.30	239,267,093.50
37.	7,178,012.93	5,071,987.07	234,195,106.43
38.	7,025,853.31	5,224,146.69	229,970,959.74
39.	6,869,128.91	5,380,871.09	225,590,088.65
40.	6,707,702.79	5,542,267.21	221,047,821.44
41.	6,541,433.87	5,708,566.13	216,339,255.31
42.	6,370,176.88	5,879,823.12	211,469,432.19
43.	6,193,782.13	6,056,217.82	206,433,214.37
44.	6,012,036.65	6,237,904.35	201,245,309.02
45.	5,824,958.52	6,423,041.48	195,902,267.54
46.	5,632,207.28	6,611,792.72	190,310,474.82
47.	5,433,673.49	6,803,328.51	184,467,146.31
48.	5,229,183.70	7,000,816.30	178,366,330.01
49.	5,018,559.21	7,203,440.79	172,002,889.22
50.	4,801,615.99	7,411,384.01	165,491,505.21
51.	4,578,164.40	7,624,835.60	158,816,669.61
52.	4,348,009.40	7,843,990.60	151,972,679.01
53.	4,110,949.68	8,068,853.32	144,963,825.69
54.	3,865,778.18	8,300,221.82	137,793,603.87
55.	3,615,281.51	8,537,718.49	130,455,885.38
56.	3,358,239.97	8,781,950.03	122,963,935.35
57.	3,094,427.16	9,033,390.02	115,330,545.33
58.	2,824,608.98	9,293,590.02	107,536,955.31
59.	2,549,488.27	9,562,141.73	99,074,813.58
60.	2,269,994.73	9,839,994.56	90,034,818.02
61.	1,985,885.41	10,117,614.59	80,517,203.43
62.	1,697,796.96	10,405,830.04	70,611,373.39
63.	1,405,650.57	10,705,349.13	60,316,024.26
64.	1,109,600.40	11,017,873.75	49,618,150.51
65.	297,837.07	9,917,073.75	9,917,073.75

Final payment, \$10,215,010.82.

Table showing annual payments of principal and interest of Italy's debt of \$1,700,000.00, to be amortized in 66 years, under plan proposed by International Trade Commission.

(Annual payment, \$59,500.00. Total debt, \$1,700,000.00.)

Year.	Interest.	Paid on principal.	Balance unpaid at end of year.
1.	\$51,000.00.00	\$8,500.00.00	\$1,691,500.00.00
2.	50,745,000.00	8,755,000.00	1,682,745,000.00
3.	50,482,350.00	9,017,650.00	1,673,727,350.00
4.	50,211,820.50	9,288,179.50	1,664,439,170.50
5.	49,933,175.11	9,566,824.89	1,654,872,345.61
6.	49,646,170.37	9,853,829.63	1,645,018,515.98
7.	49,350,555.48	10,149,444.52	1,634,869,071.46
8.	49,046,072.14	10,453,927.86	1,624,415,143.60
9.	48,732,454.31	10,767,545.69	1,613,647,597.91
10.	48,409,427.94	11,090,572.06	1,602,557,025.85
11.	48,076,710.77	11,423,289.23	1,591,133,736.62
12.	47,734,012.10	11,765,987.90	1,579,367,748.72
13.	47,381,032.46	12,118,967.54	1,567,248,781.18
14.	47,017,463.43	12,482,536.57	1,554,766,244.61
15.	46,642,987.34	12,857,012.66	1,541,909,231.95
16.	46,257,276.96	13,242,723.04	1,528,666,508.91
17.	45,859,995.27	13,640,004.73	1,515,026,504.18
18.	45,450,795.12	14,049,204.88	1,500,977,299.30
19.	45,029,318.98	14,470,681.02	1,486,506,618.28
20.	44,595,196.55	14,904,601.45	1,471,601,816.83
21.	44,148,054.50	15,351,945.50	1,456,249,871.33

Table showing annual payments of principal and interest of Italy's debt of \$1,700,000,000, etc.—Continued.

Year.	Interest.	Paid on principal.	Balance unpaid at end of year.
22	\$48,887,496.14	\$15,812,508.86	\$1,440,437,367.47
23	43,213,121.03	16,286,878.97	1,424,150,488.50
24	42,724,514.65	16,775,485.35	1,407,375,003.15
25	42,221,250.10	17,278,749.90	1,390,096,253.25
26	41,702,887.60	17,797,112.41	1,372,299,140.84
27	41,108,974.23	18,331,025.77	1,353,968,115.07
28	40,619,043.45	18,880,956.55	1,335,087,158.52
29	40,052,614.76	19,447,385.24	1,315,639,773.28
30	39,469,103.19	20,030,806.81	1,295,608,966.47
31	38,868,269.00	20,631,731.00	1,274,977,235.47
32	38,249,317.05	21,250,682.94	1,253,726,552.53
33	37,611,796.58	21,888,203.42	1,231,838,349.11
34	36,965,150.47	22,544,849.53	1,209,293,499.58
35	36,278,804.99	23,221,195.01	1,186,072,304.57
36	35,582,169.14	23,917,830.86	1,162,154,478.71
37	34,884,684.21	24,635,365.79	1,137,519,107.92
38	34,125,673.23	25,374,426.77	1,112,144,681.15
39	33,364,340.44	26,135,659.56	1,086,009,021.59
40	32,580,270.64	26,919,729.36	1,059,089,292.23
41	31,772,678.77	27,727,321.23	1,031,361,971.00
42	30,940,859.13	28,559,140.87	1,002,802,830.13
43	30,084,084.91	29,415,915.09	973,389,915.04
44	29,202,607.45	30,298,392.55	943,088,522.49
45	28,292,655.67	31,207,344.33	911,881,178.16
46	27,356,435.34	32,143,564.66	879,737,613.50
47	26,392,128.41	33,107,871.59	846,629,741.91
48	25,398,892.26	34,101,107.74	812,528,634.17
49	24,375,859.02	35,124,140.98	777,404,493.19
50	23,322,134.80	36,177,865.20	741,226,627.99
51	22,236,798.84	37,263,201.16	703,963,426.83
52	21,118,902.80	38,381,097.20	665,582,329.63
53	19,967,469.89	39,532,530.11	626,049,799.52
54	18,781,493.98	40,718,506.02	585,331,293.50
55	17,559,938.81	41,940,061.19	543,391,232.31
56	16,301,736.97	43,198,263.03	500,192,969.28
57	15,005,789.08	44,494,210.92	455,698,758.36
58	13,670,962.75	45,829,037.25	409,899,721.11
59	12,296,061.63	47,203,908.37	362,665,812.74
60	10,879,974.38	48,620,025.62	314,045,787.12
61	9,421,373.61	50,078,626.39	263,967,160.73
62	7,919,014.83	51,580,985.17	212,366,175.56
63	6,371,585.26	53,128,414.74	159,257,760.82
64	4,777,732.83	54,722,267.17	104,535,493.65
65	3,136,054.81	56,363,935.19	48,171,558.46
66	1,445,140.75	58,171,598.46	.....

Final payment, \$49,616,705.21.

Table showing annual payments on principal and interest of France's debt of \$3,000,000,000, to be amortized in 66 years, under plan proposed by International Trade Commission.

(Annual payment, \$105,000,000. Total debt, \$3,000,000,000.)

Year.	Interest.	Paid on principal.	Balance unpaid at end of year.
1	\$90,000,000.00	\$15,000,000.00	\$2,985,000,000.00
2	89,550,000.00	15,450,000.00	2,969,550,000.00
3	89,086,500.00	15,913,500.00	2,953,636,500.00
4	88,609,000.00	16,390,000.00	2,937,245,500.00
5	88,117,867.85	16,882,632.15	2,920,362,867.85
6	87,610,888.88	17,389,111.12	2,902,973,851.73
7	87,089,215.55	17,910,784.45	2,885,063,067.28
8	86,551,502.02	18,448,107.98	2,866,614,959.30
9	85,998,446.78	19,001,551.22	2,847,613,408.08
10	85,428,402.24	19,571,597.76	2,828,041,810.32
11	84,841,254.30	20,158,745.70	2,807,883,064.62
12	84,236,491.94	20,763,508.06	2,787,119,556.57
13	83,613,688.70	21,386,413.30	2,765,733,143.27
14	82,971,904.29	22,028,005.71	2,743,705,137.56
15	82,311,124.03	22,688,845.87	2,721,016,291.69
16	81,630,488.75	23,369,511.25	2,697,646,780.44
17	80,929,408.41	24,070,590.59	2,673,576,183.85
18	80,207,285.52	24,792,714.48	2,648,783,469.37
19	79,453,504.08	25,536,493.92	2,623,246,975.45
20	78,687,400.20	26,302,590.80	2,596,944,382.65
21	77,908,331.47	27,091,668.52	2,569,852,714.13
22	77,095,581.43	27,904,418.57	2,541,948,295.56
23	76,258,448.86	28,741,551.14	2,513,206,744.42
24	75,396,202.33	29,603,797.67	2,483,602,946.75
25	74,508,088.41	30,491,911.59	2,453,111,035.16
26	73,593,381.05	31,406,668.95	2,421,704,366.21
27	72,651,130.99	32,348,899.01	2,389,355,467.20
28	71,680,654.91	33,319,335.09	2,356,036,132.11
29	70,681,084.83	34,318,915.14	2,321,717,216.97
30	69,651,517.41	35,348,482.59	2,286,368,734.38
31	68,591,062.93	36,408,937.07	2,249,959,827.31
32	67,498,794.82	37,501,205.18	2,212,458,622.13
33	66,373,758.67	38,626,241.33	2,173,832,380.80
34	65,214,971.42	39,785,028.58	2,134,047,352.22
35	64,021,420.57	40,978,579.43	2,093,068,772.79
36	62,792,063.18	42,207,936.82	2,050,860,835.97
37	61,525,825.08	43,474,174.92	2,007,386,661.05
38	60,221,599.83	44,778,400.17	1,962,608,260.88
39	58,878,247.83	46,121,752.17	1,916,486,508.71
40	57,494,595.26	47,506,404.74	1,868,981,103.97
41	56,069,433.12	48,930,566.88	1,820,050,537.09
42	54,601,516.11	50,398,483.89	1,769,652,053.20
43	53,089,561.69	51,910,438.31	1,717,741,614.79
44	51,532,248.45	53,467,751.55	1,664,273,863.24
45	49,928,215.89	55,071,784.11	1,609,212,079.13

Table showing annual payments on principal and interest of France's debt of \$3,000,000,000, etc.—Continued.

Year.	Interest.	Paid on principal.	Balance unpaid at end of year.
46	\$48,276,062.38	\$56,723,937.62	\$1,552,478,141.51
47	46,574,344.24	58,425,655.76	1,494,052,485.75
48	44,821,574.58	60,178,425.42	1,433,874,060.33
49	43,016,221.80	61,983,778.20	1,371,890,282.13
50	41,156,708.47	63,843,291.53	1,308,046,990.60
51	39,241,409.72	65,758,590.28	1,242,288,400.32
52	37,278,632.00	67,731,368.00	1,174,557,032.33
53	35,236,711.66	69,763,288.34	1,104,793,763.99
54	33,143,812.92	71,856,187.08	1,032,937,576.81
55	30,988,137.80	74,011,872.20	958,925,704.11
56	28,767,771.13	76,232,228.87	882,693,475.24
57	26,489,504.25	78,519,495.75	804,174,279.49
58	24,125,228.89	80,874,771.61	723,299,507.88
59	21,698,985.23	83,301,014.77	639,968,493.11
60	19,199,954.80	85,800,045.20	554,198,447.91
61	16,625,953.43	88,374,046.57	465,824,401.34
62	13,974,732.04	91,025,267.96	374,799,133.38
63	11,243,974.01	93,756,025.99	281,043,107.39
64	8,481,293.22	96,568,706.78	184,474,400.61
65	5,584,232.01	99,465,767.99	85,008,632.62
66	2,550,258.98	85,008,632.62	.....

Table showing annual payments on principal and interest of Great Britain's debt of \$1,000,000,000, to be amortized in 66 years, under plan proposed by International Trade Commission.

(Annual payment, \$140,000,000. Total debt, \$1,000,000,000.)

Year.	Interest.	Paid on principal.	Balance unpaid at end of year.
1	\$120,000,000.00	\$20,000,000.00	\$5,980,000,000.00
2	119,400,000.00	20,600,000.00	5,969,400,000.00
3	118,782,000.00	21,218,000.00	5,958,182,000.00
4	118,145,490.00	21,854,510.00	5,946,327,480.00
5	117,489,823.80	22,510,176.20	5,933,817,306.80
6	116,814,518.51	23,185,481.49	5,920,631,825.31
7	116,118,954.07	23,881,045.93	5,906,750,779.38
8	115,402,322.69	24,597,677.31	5,892,153,102.07
9	114,664,598.37	25,335,401.63	5,876,817,697.44
10	113,904,586.32	26,095,413.68	5,860,822,283.76
11	113,121,672.41	26,878,327.59	5,844,944,056.17
12	112,315,322.59	27,684,677.41	5,828,259,378.76
13	111,484,782.26	28,515,217.74	5,810,743,161.02
14	110,629,225.73	29,370,774.27	5,792,372,386.75
15	109,748,205.50	30,251,794.50	5,773,119,592.25
16	108,840,651.67	31,159,348.33	5,752,960,243.92
17	107,905,871.22	32,094,128.78	5,731,805,115.14
18	106,943,047.35	33,056,952.65	5,709,748,162.49
19	105,951,338.77	34,048,661.23	5,686,699,501.26
20	104,929,878.94	35,070,121.06	5,662,629,380.30
21	103,877,775.31	36,122,224.69	5,637,506,155.61
22	102,794,108.57	37,205,891.43	5,611,299,264.18
23	101,677,931.82	38,322,068.18	5,584,007,196.00
24	100,528,269.78	39,471,730.22	5,555,525,465.78
25	99,344,117.87	40,655,882.13	5,525,869,583.65
26	98,124,441.41	41,875,558.59	5,495,031,025.06
27	96,868,174.65	43,131,825.35	5,463,009,199.71
28	95,574,219.80	44,425,780.11	5,429,583,419.60
29	94,241,446.49	45,758,553.51	5,394,824,866.09
30	92,868,689.88	47,131,310.12	5,358,693,555.97
31	91,454,750.58	48,545,249.42	5,321,148,306.55
32	89,998,293.09	50,001,606.91	5,282,146,699.64
33	88,498,344.89	51,501,655.11	5,241,645,044.53
34	86,953,295.23	53,046,704.77	5,199,598,339.76
35	85,361,894.09	54,638,105.91	5,156,000,233.85
36	83,722,750.91	56,277,249.09	5,110,722,984.76
37	82,034,433.44	57,965,566.56	5,063,757,418.20
38	80,295,498.44	59,704,501.56	5,015,052,916.64
39	78,504,330.44	61,495,669.56	4,964,557,247.08
40	76,659,460.35	63,340,539.65	4,912,296,707.43
41	74,759,244.16	65,240,755.84	4,858,046,451.59
42	72,802,021.48	67,197,978.52	4,801,795,473.07
43	70,788,082.13	69,212,917.87	4,743,532,555.20
44	68,709,664.50	71,290,335.51	4,684,242,219.69
45	66,570,954.53	73,429,045.47	4,622,913,174.22
46	64,388,083.17	75,631,916.83	4,559,271,257.39
47	62,159,125.66	77,900,874.34	4,494,310,383.05
48	59,882,090.43	80,237,909.57	4,427,072,473.48
49	57,554,962.41	82,645,037.59	4,358,427,435.89
50	55,172,838.71	85,124,161.29	4,288,293,274.60
51	52,732,679.63	87,678,120.37	4,216,665,154.23
52	49,991,586.01	90,306,413.99	4,143,358,740.24
53	46,982,282.09	93,017,717.91	4,068,370,922.33
54	44,191,750.56	95,808,249.44	4,000,522,672.89
55	41,317,503.07	98,682,495.93	3,930,830,176.96
56	38,357,028.17	101,642,971.83	3,859,187,205.13
57	35,307,739.01	104,692,269.99	3,785,494,935.14
58	32,166,971.18	107,833,028.82	3,710



Table showing annual payments of interest by Germany of \$12,000,000,000 reparation, to be amortized in 66 years, under plan proposed by International Trade Commission.

(Annual payment, \$420,000,000. Total debt, \$12,000,000,000.)

Year.	Interest.	Paid on principal.	Balance unpaid at end of year.
1.	\$360,000,000.00	\$60,000,000.00	\$11,940,000,000.00
2.	358,200,000.00	61,800,000.00	11,878,200,000.00
3.	356,346,000.00	63,654,000.00	11,814,546,000.00
4.	354,412,380.00	65,563,620.00	11,748,982,380.00
5.	352,469,471.40	67,530,520.60	11,681,451,851.40
6.	350,443,535.54	69,556,444.46	11,611,895,406.94
7.	348,356,862.21	71,643,137.79	11,540,252,269.15
8.	346,207,568.07	73,792,431.93	11,466,459,837.22
9.	343,993,795.12	76,006,204.88	11,390,453,632.34
10.	341,713,608.97	78,286,391.03	11,312,167,241.31
11.	339,365,017.24	80,634,982.76	11,231,532,258.55
12.	336,945,967.76	83,054,032.24	11,148,478,226.31
13.	334,454,346.79	85,545,653.21	11,062,932,573.10
14.	331,857,977.19	88,112,022.81	10,974,820,550.29
15.	329,244,616.51	90,755,383.49	10,884,065,166.80
16.	326,521,955.00	93,478,045.00	10,790,587,121.80
17.	323,717,613.65	96,282,386.35	10,694,304,735.45
18.	320,829,142.07	99,170,857.93	10,595,133,877.52
19.	317,854,016.33	102,145,983.67	10,492,987,893.85
20.	314,789,636.82	105,210,363.18	10,387,777,530.67
21.	311,633,325.92	108,366,674.08	10,279,410,856.59
22.	308,382,325.70	111,617,674.30	10,167,793,182.29
23.	305,033,795.47	114,966,204.53	10,052,826,977.76
24.	301,584,809.33	118,415,190.67	9,934,411,787.09
25.	298,032,353.61	121,967,646.39	9,812,444,140.70
26.	294,373,324.22	125,626,675.78	9,686,817,464.92
27.	290,604,523.95	129,395,476.05	9,557,421,988.87
28.	286,722,659.67	133,277,340.33	9,424,144,648.54
29.	282,724,339.46	137,275,660.54	9,286,858,988.00
30.	278,606,069.64	141,393,930.36	9,145,475,057.64
31.	274,364,251.73	145,635,748.27	8,999,839,309.37
32.	269,995,179.28	150,004,820.72	8,849,834,488.65
33.	265,495,034.66	154,504,965.34	8,695,329,523.31
34.	260,859,885.70	159,140,114.30	8,536,189,409.01
35.	256,085,682.27	163,914,317.73	8,372,275,091.28
36.	251,168,252.74	168,831,747.26	8,203,443,344.02
37.	246,103,300.32	173,896,699.68	8,029,546,644.34
38.	240,886,399.33	179,113,600.67	7,850,433,043.67
39.	235,512,991.31	184,487,008.69	7,665,946,034.98
40.	229,978,381.04	190,021,618.96	7,475,924,416.02
41.	224,277,732.48	195,722,267.52	7,280,202,148.50
42.	218,406,094.45	201,593,935.55	7,078,608,212.95
43.	212,358,246.38	207,641,753.62	6,870,966,459.33
44.	206,128,993.80	213,871,005.20	6,657,095,453.13
45.	199,712,893.59	220,287,136.41	6,436,808,316.72
46.	193,104,249.50	226,895,750.50	6,209,912,566.22
47.	186,297,376.98	233,702,623.02	5,976,209,943.20
48.	179,286,298.29	240,713,701.71	5,735,496,241.49
49.	172,064,887.24	247,935,112.76	5,487,561,128.73
50.	164,626,833.86	255,373,166.14	5,232,187,962.59
51.	156,965,638.87	263,034,361.13	4,969,153,601.46
52.	149,074,608.04	270,925,391.96	4,698,228,209.50
53.	140,946,846.28	279,053,153.72	4,419,175,055.78
54.	132,575,251.67	287,424,748.33	4,131,750,307.45
55.	123,952,509.22	296,047,490.78	3,835,702,816.67
56.	115,071,084.50	304,928,915.50	3,530,773,901.17
57.	105,923,217.03	314,075,782.97	3,216,697,118.20
58.	96,500,913.54	323,499,086.46	2,893,198,031.74
59.	86,795,940.95	333,204,059.05	2,559,993,972.69
60.	76,799,819.18	343,200,180.82	2,216,793,791.87
61.	66,503,813.75	353,496,186.25	1,863,297,605.62
62.	55,898,928.16	364,101,971.84	1,499,196,533.78
63.	44,975,896.01	375,024,103.99	1,124,172,429.79
64.	33,725,172.89	386,274,827.11	737,897,602.68
65.	22,136,928.08	397,863,071.92	340,034,530.76
66.	10,201,035.92	340,034,530.76	.....

Final payment, \$350,235,569.68.

Resolutions unanimously adopted at the fifteenth annual convention of the Southern Commercial Congress, held at Chicago, Ill., November 20, 1922.

Whereas the Southern Commercial Congress organized the International Trade Commission that made an economic and commercial survey of France, Belgium, Holland, Germany, Switzerland, Italy, and Great Britain; and

Whereas the commission has submitted its report to the fifteenth annual convention of the Southern Commercial Congress; and

Whereas specific recommendations are made by the commission: Therefore be it

Resolved by the Southern Commercial Congress in annual convention, That the report of the commission be, and is hereby, approved, together with the specific recommendations as follows:

(1) That an international conference of national banking interests and delegates of Government be called to adopt a plan of action as to a moratorium and a plan of amortization in the settlement of inter-allied debts and German reparations.

(2) That an international tariff conference be called to consider the nonpartisan revision of tariff schedules to remove barriers to foreign commerce.

(3) That the United States laws be so amended as to coordinate the agencies of the United States Government at home and abroad as they relate to the foreign service of the United States.

(4) That it is desirable for a conference of the diplomatic and consular officials of the United States and Europe for the purpose of adopting plans of action as to a Pan-European policy.

(5) That the policy of the United States be so changed that representatives in foreign service be instructed to submit constructive criticism upon economic subjects without partisan bias and the fear of executive reprimand; be it further

Resolved, That the conference approve the amortization tables prepared by the International Trade Commission for the settlement of German reparations and interallied debts, the said tables having been verified as to their mathematical accuracy by the department of mathematics of the University of Chicago; be it further

Resolved, That a copy of the report of the International Trade Commission, together with the amortization tables, be forwarded to the President of the United States, the Departments of State, Treasury, and Commerce of the United States Government, and to the Congress of the United States.

2. Resolved, That the convention recognizes the desirability in the interest of agriculture and industry of the revision and amendment of the present immigration law, so as to make possible the admission to the United States of the number of workmen and agriculturists that are actually needed; and that the problem be intelligently submitted to the officials of the Government of the United States in order that the law may be so amended as to raise the quota in the interest of industry and agriculture above the 3 per cent stipulated in the law, and that the unused quota of countries be distributed among other countries whose quota have been reached; and be it further

Resolved, That the law be so amended as to provide for the intelligent distribution of the immigrants to industry and agriculture in the United States.

3. Whereas the Southern Commercial Congress initiated the plan for rural credits in America; and

Whereas the American commission organized by the Southern Commercial Congress made an investigation in Europe, and upon its report is based the present Federal farm loan act; and

Whereas it is now recognized that a further step must be taken in the financing of American agriculture: Therefore be it

1. Resolved, That the law be so amended as to include a system of short-time credits.

2. That Congress be urged to amend the provision of the farm loan act so as to increase the lending limit of the law from \$10,000 to \$25,000.

4. Whereas the Department of Education of the United States is inadequately supported and is a minor bureau of the United States Department of the Interior; and

Whereas all other nations of the world maintain ministers of education in the executive cabinet of the respective governments; and

Whereas the United States was given evidence in the lack of general education in the United States as exhibited by the examinations in the selective draft for the World War; and

Whereas education is of so basic an importance to America: Therefore be it

Resolved, That the Congress of the United States be urged to provide for a department of education in the Cabinet of the President of the United States on a parity with Agriculture, Commerce, and Labor.

5. Whereas the Bureau of Public Health of the United States is lodged as a minor bureau in the United States Treasury Department; and

Whereas the public health is of first importance in the building of the economic life of the Nation: Therefore be it

Resolved, That the Congress of the United States be urged to provide through legislation for a department of health in the Cabinet of the President of the United States on a parity with Agriculture, Commerce, and Labor; be it further

6. Resolved, That the Congress of the United States be urged to restore to the law creating the War Finance Commission the provision as to financing foreign trade transactions; and be it further

Resolved, That the Government consider ways and means for extending credit to the countries of Europe for the surplus of American agriculture.

Resolved further, That agencies of private businesses in America be called upon to join in every possible way in the extension of credit to European countries in their purchase of surpluses of American crops.

6. Whereas the plan to export our surplus farm crops on a credit has been indorsed by the annual convention of the American Farm Bureau Federation at Atlanta, Ga., by the Mississippi Valley Association at Kansas City, by the National Farmers' Grain Dealers Association at Omaha, by the Farmers' National Council, by the National Board of Farm Organizations, including in its membership the Farmers' Union and a number of other important farm organizations, and by the President's agricultural conference at Washington;

Whereas this plan promises the farmers quicker and fuller relief than any other means that have yet been suggested; and

Whereas business men will be benefited as much indirectly as the farmer will be helped directly by this action: Be it

Resolved, That the Southern Commercial Congress, at its fifteenth annual convention, most heartily indorse this plan and take whatever steps as seem practical to secure its enactment into law.

7. Whereas the commercial progress of the United States will be materially advanced by the development of water transportation; and the building of canals connecting the rivers and lakes and the Atlantic Ocean with the Mississippi River and the Gulf of Mexico will also add to the safety of our country; and

Whereas a bill has been introduced in Congress, asking for a resurvey of a proposed canal route from Cumberland Sound to the Mississippi River, and a canal connecting those bodies of water would be of inestimable value to commerce and to the Government, providing an all-inland protected route where barges and other vessels would carry return loads in either direction from the upper Mississippi and the Great Lakes to the Gulf and South Atlantic ports every day in the year, and said canal would be wholly within the boundaries of the United States; and the eastern terminus at Cumberland Sound would provide a bunker coal port, only 3 miles from the open sea, and large anchorage area never closed by ice, where ocean-going vessels could coal and secure cargoes for Europe and South America and other points at great saving of time and expense, and avoiding the delays and congestion at northern ports: Therefore be it

Resolved, That this organization give its indorsement and support to the project known as the Atlantic-to-Mississippi Canal, connecting Cumberland Sound with the Mississippi River, to the end that this all-American canal may be constructed at the earliest practicable date after the report on the resurvey has been submitted to Congress in the manner governing such matters; be it further

Resolved, That the Southern Commercial Congress approves the plan to connect by waterways the Great Lakes and the Gulf of Mexico by way of the Mississippi River; and be it further

Resolved, That the congress approves the proposed plan of connecting the Great Lakes to the Atlantic Ocean by way of the St. Lawrence River. (See typed resolution attached, marked "B.")

We urge immediate extension of an arm of the sea to mid-continent through the improvement of the St. Lawrence River for the passage of ocean-borne commerce in and out of the Great Lakes without breaking bulk, and that the same be done jointly by the Governments of the United States and Canada substantially according to plans submitted by the International Board of Engineers and as recommended to the two Governments by the International Joint High Commission, to whom the project was submitted by the Governments for examination and report; be it further

*Resolved*, That the Southern Commercial Congress, in annual convention, hereby appeals to the Congress of the United States to perpetuate the Great Lakes Naval Training Station and that no steps whatsoever will be taken by Congress to limit or curtail the usefulness of this institution; be it

11. *Resolved*, That the Congress of the United States be urged to pass a reclamation law that will be national and nonsectional and include not only the irrigation of arid lands of the West but also the drainage of swamp and overflow lands and the development of cut-over lands and rock lands or any meritorious project anywhere; be it

12. *Resolved*, That the Congress of the United States be urged, in whatever legislation may be passed in the interest of the American soldier and sailor, that the plan include options wherein not only money but land settlement and development be considered; be it

13. *Resolved*, That the Congress of the United States be urged to develop through legislation the further use of the truck through parcel post of the Post Office Department in direct dealing between dealer and consumer as a further auxiliary to the solution of the problem of transportation in America.

14. Whereas the International Institute of Agriculture in Rome, Italy, was founded by David Lubin in America; and

Whereas the institute to-day is an economic league of nations comprising 64 countries allied under treaty; and

Whereas the institute has rendered a distinguished service to America and the world in the development of agriculture; and

Whereas since the death of David Lubin the policy of the United States Government has been to make temporary appointments of American delegates to the institute; and

Whereas there is evidence that the United States Government has failed to sympathetically support the institute; Therefore be it

*Resolved*, That this question be brought to the attention of the President of the United States, the members of his Cabinet, and the Congress of the United States, that the international institute may be understood and its service valued and adequately supported.

15. Whereas it is known that foreign countries in their commercial expansion have secured their prestige and commercial power under the plan that trade follows the loan; Therefore be it

*Resolved*, That the business interests of America be urged to consider ways and means for the extension of loans to foreign countries with the object of competing for an adequate and reasonable division of the foreign commerce of the world and therefore aid in the establishment of the American merchant marine.

17. Whereas the Consular Service of the United States Government is of great importance in the promotion of business relations with foreign countries; Therefore be it

*Resolved*, That the Congress of the United States be urged to make provision for the further extension of the Consular Service to not only include other strategic points in foreign countries but also to enlarge the scope of the work of the consulates now established; be it further

*Resolved by the Southern Commercial Congress*, That an indorsement be given to the activities of the United States Bureau of Foreign and Domestic Commerce, a service that is engaged in practical plans of action for the extension of American business.

(Paper by General Ryan.)

"We believe that no greater duty exists in America to-day than to contribute in practical manner to the development and maintenance of an orderly world.

"We realize that the problem is complex, and that its difficulties are not fully understood by the mass of our people; nor are they in accord concerning a solution of it.

"We believe that whatever form our contribution of effort toward permanent peace should take, it will be greatly strengthened by a better understanding of the problem in all its phases and by the extent to which our people are interested in support of whatever may be proposed.

"We are impressed by the inadequacy of organization throughout the country for the intelligent development of the needed understanding and the determination of a proposed course of action to be submitted to Congress for its action.

"We are impressed as well with the gravity of the problem because of the intensive and almost unestimated preparations which all the great powers are making for the next war.

"We therefore believe that associations and other forms of organizations throughout the country which exist for the development of a national policy in furtherance of world peace should by concerted action create and develop a superorganization in which they shall be represented by their delegates. That the functions of this new organization should be the development of an official leadership, the spread of an understanding of the problem among its constituent membership and through the people generally, and the expansion of its own organization to meet the purposes of its existence. Such organization should be nonpolitical in leadership and policy, and when adequately developed for the purpose should, with the support of all member bodies, apply to Congress for Federal incorporation and recognition as a permanent body authorized to make an extended survey of the problem of world peace in all its phases, being authorized for that purpose to have access to relevant data in all Government departments and the assistance of officers of the Army and Navy detailed by request for the purpose.

"Such Federal corporation should be authorized to function for the Government in making a survey of the peace problem, somewhat as the Emergency Fleet Corporation was authorized to function for the Government in its special field.

"Specifically, it should be authorized upon completion of its survey to formulate a project recommended to Congress for adoption as the solution of the problem from the American standpoint and as the American policy in relation to organization for peace.

"That copies of this resolution be mailed by the secretary to all persons and organizations believed to be actively interested in the problem of world peace."

19. Whereas the Southern Commercial Congress held a conference at Muscle Shoals on the subject of the development of Muscle Shoals; and

Whereas 27 States were represented officially in the said conference; and

Whereas said conference unanimously and unqualifiedly went on record approving the proposal made by Henry Ford: Therefore be it

*Resolved*, That the Southern Commercial Congress in the fifteenth annual convention assembled hereby further ratifies the action of the former conference and urges the Congress of the United States to promptly accept the proposal of Henry Ford; be it further

*Resolved*, That this convention expresses hearty thanks to Dr. Clarence J. Owens for his untiring and loyal services for the past 15 years as the directing executive of this organization and more particularly as president of the Southern Commercial Congress. He deserves our gratitude for the accomplishments of the congress not only in the interest of the South but of the Nation.

JOHN G. RICE,

Chairman Committee on Resolutions.

ORDER FOR RECESS.

Mr. CURTIS. Mr. President, I ask unanimous consent that when the Senate concludes its business to-day it take a recess until 11 o'clock to-morrow.

Mr. FLETCHER. Mr. President—

Mr. McKELLAR. Mr. President, I hope the Senator will not make the hour 11 o'clock. Yesterday morning we tried that, and we were 23 minutes in getting a quorum here. It is very hard for Senators to do the routine morning work that is incumbent upon every Senator and get here at 11 o'clock. I think it is a great hardship, and I hope the Senator will make the hour 12 o'clock.

Mr. FLETCHER. Mr. President, I was about to say that there are a number of Senators who have committee engagements. The committees meet generally at 10 o'clock, and we can not very well finish the work that is before us if we are to meet at 11. I hope the Senator will change the hour.

Mr. CURTIS. Then I will modify my request so as to ask that when the Senate concludes its business to-day it take a recess until 12 o'clock to-morrow.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

ELI N. SONNENSTRAHL.

Mr. CALDER. Mr. President, I ask unanimous consent for the present consideration of Senate bill 1280, Order of Business No. 1009. This bill gives the right to Eli N. Sonnenstrahl to go to the United States District Court for the Eastern District of New York to prosecute a claim against the Government for commandeering some beans that he had imported from Europe. It simply permits him to go to court to press his claim.

Mr. FLETCHER. I do not find any No. 1009 on my calendar.

Mr. CALDER. It is there.

Mr. DIAL. Mr. President, I understand that the bill refers the matter to the court.

Mr. CALDER. It just permits him to prosecute a claim in the District Court for the Eastern District of New York.

The VICE PRESIDENT. The Secretary will state the title of the bill.

The READING CLERK. A bill (S. 1280) for the relief of Eli N. Sonnenstrahl.

The VICE PRESIDENT. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Claims with an amendment to strike out all after the enacting clause and insert:

That the claim of Eli N. Sonnenstrahl, of Brooklyn, N. Y., for such further sum as he may be entitled to recover, as added to the amount he has already received, for certain beans commandeered by the Navy Department, at San Francisco, Calif., on or about February, 1918, may be sued for and submitted to the United States District Court in and for the Eastern District of New York, and said court shall have jurisdiction to hear and determine such suit and to enter a judgment or decree for such amount and costs, if any, as shall be found to be due against the United States in favor of said Sonnenstrahl upon the same principles and measures of liability as in like cases under section 10 of the Lever Act, and with the same rights of appeal: *Provided*, That suit shall be brought and commenced within four months from the date of the passage of this act.

Mr. SMOOT. Mr. President, the amendment of the committee authorizes the court "to enter a judgment or decree for such amount and costs, if any," as it may find due.

Mr. CALDER. That is the usual practice, and the way these bills come from the Committee on Claims.

Mr. SMOOT. It may be with the district court. I am not positive of that, but I know it is not with the Court of Claims. I know that we insist upon that provision going out of every bill where the matter is referred to the Court of Claims; but as this case goes to the United States district court, I am not positive about it.



Mr. CALDER. I am quite sure that is the practice.

Mr. FLETCHER. Mr. President, it seems that this claimant has already received a certain amount for the beans themselves. There is some extra amount that he claims now, is there?

Mr. CALDER. Mr. President, we passed an act in the Congress in 1917 which provided that when there was any dispute over the value of property commandeered by the Government the man who owned the property should accept 75 per cent of the value of the goods and be permitted to go to court to collect the balance of it. In the letter accompanying the report I observe that the Assistant Secretary of the Navy quotes this language from the act of August 10, 1917:

\* \* \* If the compensation so determined be not satisfactory to the person entitled to receive the same, such person shall be paid 75 per cent of the amount so determined by the President, and shall be entitled to sue the United States to recover such further sum as, added to said 75 per cent, will make up such amount as will be just compensation for such necessities or storage space, and jurisdiction is hereby conferred on the United States district courts to hear and determine all such controversies. \* \* \*

This is one of those cases where, during the war, the Government commandeered private property.

The VICE PRESIDENT. The first question is on agreeing to the amendment of the committee.

Mr. REED of Pennsylvania. Mr. President, will the Senator from New York yield for a question?

Mr. CALDER. I will.

Mr. REED of Pennsylvania. Why should not this claim be sued for in the Court of Claims, as all other claims are?

Mr. CALDER. This claim comes under those provided for in the bill passed on August 10, 1917. Under the law, where the Government commandeered property needed for war purposes it was provided that the man who owned the property should accept 75 per cent of the value of the property where there was a disagreement between the Government and the claimant, and then that he should have the right to sue the Government for the balance of the money in the district courts. I will say to the Senator that I have read from the law, and if he will read that quotation from the law he will find that special provision is made in the statute for a case of this kind, and the Committee on Claims has followed the usual practice.

Mr. REED of Pennsylvania. Why does the claimant need this special act, if the court is given jurisdiction by the act of 1917? The extract from the act of 1917 to which the Senator calls attention expressly states that "jurisdiction is hereby conferred on the United States district courts to hear" such cases as are mentioned.

Mr. CALDER. Mr. President, I am under the impression that under the statute it is necessary for a reference to be made of these cases by act of Congress. That is my impression. We are following the usual practice, I will say to the Senator.

Mr. REED of Pennsylvania. Mr. President, before I came to Congress I had a good many cases against the United States, both in the Court of Claims and in the district courts, and I do not know of any reason for a special act such as this unless there is something very peculiar in the case. That is what I should like to find out here.

Mr. GEORGE. I would like to ask a question. In the settlement with the Navy Department was not such sum as was paid taken in full accord and satisfaction of the debt?

Mr. CALDER. No; it was not. It was accepted as 75 per cent of the value of the goods. I might say that the Navy Department admits that the price which the man has received, \$22,000, was less than he should have been paid, and they have since offered him \$472 additional. The claimant contends that that amount is inadequate and unjust to the extent of about \$4,000, and the bill as amended is aimed to enable him to institute suit in the United States district court to determine the compensation to which he is justly entitled. We are following a statute enacted by Congress to cover cases of this character.

Mr. SMOOT. He has had more than 75 per cent.

Mr. CALDER. He contends he has not. The Navy Department admits he has not, and they offered to give him \$472, but he claims that does not compensate him for his losses. The Government runs no risk.

Mr. FLETCHER. The question raised by the Senator from Pennsylvania is this, If the claimant has that right under the law, why pass a special act to give him the right?

Mr. CALDER. This is a recommendation from the Committee on Claims. It is approved in a letter from the Navy Department, which I hold in my hand. I assume the Committee on Claims know what they are doing. That seemed to be the only course to pursue.

Mr. REED of Pennsylvania. If it is in order to object now to the present consideration of this bill, I do object, because I think we ought not to consider it until the committee report is printed and placed on our desks and we have a chance to see it.

Mr. CALDER. If the Senator from Pennsylvania objects, I am perfectly willing to have it go over so that he can look over the matter and convince himself that it is in proper form.

The VICE PRESIDENT. The bill will be laid aside.

#### RIVER AND HARBOR IMPROVEMENTS.

Mr. STANFIELD. Mr. President, on January 23 the junior Senator from Utah [Mr. KING] inserted in the RECORD an editorial from the Chicago Tribune. In part the editorial read:

In the palmy days of the rivers and harbors pork-barrel appropriations used to run to about forty millions. It is something of a shock, therefore, to learn that the chairman of the House Rivers and Harbors Committee asks for \$56,539,910.

I am somewhat surprised that any Member of Congress, knowing the care with which river and harbor improvements are selected and recommended for improvement during these later years, should confuse this system with what in the olden days became offensively known as the pork-barrel system, when projects were never examined by engineers, recommended by the War Department, or in any other way carefully gone into, but for which money was appropriated because of the influence of the Congressman of that district and his power to organize and combine with the Representatives from other districts in sufficient numbers to secure Federal money for river and harbor improvement in their several districts, some of which were entirely unworthy and resulted in a waste of money and the scandalizing of that system.

Under the system of selecting rivers and harbors for improvement now prevailing it is first necessary for Congress to authorize a careful survey of the proposed project by competent engineers under the direction of the War Department.

If the Army engineers recommend such project as feasible and worthy of improvement, then the matter is brought before Congress, the project and the report of the engineers, together with such additional evidence as may be brought before the committee, sometimes leads the committee to recommend the project be authorized, and sometimes it does not. Then the House passes upon the recommendations of the committee and the bill carrying these authorizations goes to the other branch of Congress, where it and every project is again carefully scrutinized by a committee and the recommendation of this committee submitted to the body, where it is either adopted or rejected, and finally the bill goes to the President for his approval.

Any project that can justify itself under these conditions can not be unworthy, and, indeed, many very worthy projects are rejected and delayed, if not entirely defeated, by these committees and Congress that the aggregate amount of Federal expenditures may be reduced.

The Army engineers made a detailed list and statement of such authorized projects as they could economically and profitably work upon during the fiscal year ending June 30, 1924, and beside the name of each of such projects stated the amount of money that could be profitably expended in the improvement of each. The Army engineers also indicated by a cross each project that was new. This statement was submitted to the Budget Bureau, and I am pleased to submit it now to the Senate and ask that it be printed in the RECORD as a part of my remarks.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Amounts stated in the annual report of the Chief of Engineers as those that can be profitably expended during the fiscal year ending June 30, 1924, for maintenance and improvement of river and harbor works.

Localities.	Improvement.	Maintenance.
Boston Harbor.....		\$40,000
Beverly Harbor, Mass.....	\$150,500	
Plymouth Harbor, Mass. <sup>1</sup> .....	51,000	
Pollock Rip Shoals.....		50,000
Providence River and Harbor.....	325,000	
Block Island harbor of refuge.....	5,000	5,000
Pawcatuck River.....	3,000	20,000
Connecticut River below Hartford.....	50,000	20,000
Duck Island harbor of refuge.....		44,000
Bridgeport Harbor.....	71,000	26,000
Norwalk Harbor.....		20,000
Stamford Harbor.....	30,000	
Greenwich Harbor.....	6,600	2,100
Port Chester Harbor.....	22,000	3,000
Mamaroneck Harbor, N. Y. <sup>1</sup> .....	103,000	

<sup>1</sup> New projects.

Amounts stated in the annual report of the Chief of Engineers as those that can be profitably expended during the fiscal year ending June 30, 1924, etc.—Continued.

Localities.	Improve- ment.	Maintenance.
East Chester Creek.....	\$5,000	\$15,000
Westchester Creek <sup>1</sup> .....	475,000	
Bronx River.....	255,000	25,000
Harbor at New Rochelle, N. Y. <sup>1</sup> .....	35,000	
Flushing Bay.....		10,000
Mattituck Harbor.....		5,000
Jamaica Bay, N. Y.....	600,000	
New York Harbor.....	218,000	100,000
Coney Island Channel.....		20,000
Bay Ridge and Red Hook Channels.....	50,000	
Buttermilk Channel.....	175,000	25,000
East River.....	3,000,000	25,000
Newtown Creek.....	100,000	
Harlem River.....	250,000	
Hudson River Channel.....	50,000	50,000
Tarrytown Harbor.....	7,000	8,000
Peekskill Harbor.....		5,000
Wappinger Creek.....		5,000
Rondout Harbor.....		5,000
Hudson River.....		220,000
Plattsburg Harbor.....		1,000
Newark Bay <sup>1</sup> .....	650,000	
Passaic River <sup>1</sup> .....		30,000
Hackensack River, N. J. <sup>1</sup> .....	100,000	
Staten Island Sound, N. Y. and N. J. <sup>1</sup> .....	1,000,000	
Raritan Bay, N. Y. and N. J. <sup>1</sup> .....	500,000	
Woodbridge Creek.....		6,000
Raritan River.....		20,000
Keyport Harbor.....		10,000
Shoal Harbor and Compton Creek.....		10,000
Shrewsbury River.....		10,000
Delaware River, Philadelphia to Trenton.....		25,000
Delaware River, Philadelphia to the sea.....	925,000	2,075,000
Harbor of refuge, Delaware Bay.....		35,000
Mantua Creek.....	10,000	
Oldmans Creek.....		10,000
Maurice River.....		15,000
Cold Spring Inlet.....		25,000
Absecon Inlet <sup>1</sup> .....	240,000	
Chester River.....	3,600	1,400
Wilmington Harbor <sup>1</sup> .....	630,000	100,000
Chesapeake and Delaware Canal.....	2,500,000	
Smyrna River.....	16,000	5,000
Leipsic River.....		10,000
Little River.....		5,000
St. Jones River.....	45,000	5,000
Murderkill River.....		10,000
Mispillion River.....	10,000	5,000
Broadkill River.....		25,000
Waterway, Chincoteague Bay-Delaware Bay.....		1,500
Baltimore Harbor and channels.....	300,000	350,000
Potomac River at Washington, D. C.....		74,000
Ocequan Creek.....		6,700
Rappahannock River.....		42,700
Mattaponi River.....		8,000
Lockies Creek, Va. <sup>1</sup> .....	4,100	
Norfolk Harbor.....	500,000	50,000
Thimble Shoals Channel.....	74,560	
James River.....		40,000
Pagan River.....		2,000
Waterway, Norfolk-Beaufort Inlet.....	500,000	
Blackwater River.....		2,000
Meherrin River.....		2,000
Pamlico and Tar Rivers.....		12,000
Neuse River.....		12,000
Swift Creek.....		800
Contentnea Creek.....		1,500
Trent River.....		1,500
Channel, Thoroughfare Bay-Cedar Bay.....		5,000
Harbor at Beaufort.....		7,500
Waterway, Core Sound-Beaufort Harbor <sup>1</sup> .....	30,000	
Waterway, Beaufort to Jacksonville, N. C.....		10,000
Harbor of refuge, Cape Lookout.....		20,000
Cape Fear River at and below Wilmington <sup>1</sup> .....	300,000	200,000
Cape Fear River above Wilmington.....		12,000
Northeast (Cape Fear) River.....		4,000
Black River.....		2,000
Winyah Bay.....		40,000
Santee River and Estherville-Minim Creek Canal.....		4,000
Congaree River.....		10,000
Waterway between Charleston and Winyah Bay.....		18,000
Wappoo Cut.....		2,500
Savannah Harbor.....	600,000	460,000
Savannah River below Augusta.....		20,000
Savannah River at Augusta.....		2,000
Savannah River above Augusta.....		1,000
Waterway, Beaufort, S. C.—St. John's River.....		42,000
Satilla River.....		1,800
St. Marys River.....		1,800
Altamaha River.....		15,000
Oconee River.....		12,500
Ocmulgee River.....		12,500
Brunswick Harbor.....	160,000	70,000
Fernandina Harbor-Cumberland Sound.....		3,000
St. Johns River, Jacksonville to the ocean.....	223,000	380,000
St. Johns River, Palatka to Lake Harney.....		10,000
Oklawaha River.....		3,000
Indian River.....		5,000
Miami Harbor (Biscayne Bay).....		32,500
Key West Harbor.....	40,000	30,000
Kissimmee River.....		5,000
Caloosahatchee River.....		35,000
Charlotte Harbor.....		5,000
Sarasota Bay.....		15,000

<sup>1</sup> New projects.

Amounts stated in the annual report of the Chief of Engineers as those that can be profitably expended during the fiscal year ending June 30, 1924, etc.—Continued.

Localities.	Improve- ment.	Maintenance.
Anclote River.....		\$14,000
Tampa Harbor.....	\$445,000	50,000
St. Petersburg Harbor.....	17,000	
Water hyacinth in Florida waters.....		10,000
Apalachicola Bay.....		12,000
Apalachicola River.....	15,000	10,000
Flint River.....	45,000	10,000
Chattahoochee River.....	35,000	90,000
Channel, Apalachicola River-St. Andrews Bay.....		21,500
St. Andrews Bay.....		2,000
Choctawhatchee River.....		7,000
Holmes River.....		1,680
La Grange Bayou, Fla. <sup>1</sup> .....	28,500	
Blackwater River.....		25,600
Escambia and Conecuh Rivers.....		3,200
Pensacola Harbor.....		20,000
Alabama River.....	75,000	47,000
Coosa River.....		5,000
Mobile Harbor.....	132,000	244,400
Black Warrior, Warrior, and Tombigbee Rivers.....	64,000	
Tombigbee River, mouth to Demopolis.....		18,000
Tombigbee River, Demopolis to Walkers Bridge.....		4,000
Pascagoula Harbor.....		76,000
Gulfport Harbor and Ship Island Pass.....		116,000
Pascagoula River.....		10,000
Water hyacinth in Alabama waters.....		2,500
Southwest Pass, Mississippi River.....	992,000	
South Pass, Mississippi River.....		510,000
Bayou Plaquemine, Grand River, and Pigeon Bayous.....		20,000
Bayou Grossetete.....		5,000
Bayou Teche.....	125,000	
Waterway, Mississippi River to Bayou Teche.....	675,000	
Waterway, Calcasieu River to Sabine River.....	500,000	
Bayou Vermilion.....		10,000
Calcasieu River and Pass, La. <sup>1</sup> .....	25,800	
Water hyacinth in Louisiana and Texas waters.....		30,000
Galveston Harbor.....		90,000
Galveston Channel <sup>1</sup> .....	670,000	200,000
Galveston Harbor-Texas City Channel.....		150,000
Port Bolivar Channel.....		20,000
Houston Ship Channel.....	800,000	300,000
Double Bay Bayou.....		7,000
Anahuac Channel.....		5,000
Mouth of Trinity River.....		1,000
Turtle Bayou.....		10,000
Cedar Bayou.....		5,000
Clear Creek.....		4,000
Dickinson Bayou.....		5,000
West Galveston Bay-Brazos River Canal.....		5,000
Channel between Brazos River and Matagorda Bay.....		10,000
Channel from Pass Cavallo to Aransas Pass.....		20,000
Channel from Aransas Pass to Corpus Christi <sup>1</sup> .....	750,000	10,000
Freeport Harbor.....		100,000
Harbor at Port Aransas.....		180,000
Harbor at Sabine Pass and Port Arthur Canal <sup>1</sup> .....	400,000	400,000
Sabine-Neches Canal.....		150,000
Johnsons Bayou.....		3,000
Red River below Fulton.....		100,000
Ouachita and Black Rivers.....	400,000	25,000
Tensas River and Bayou Macon <sup>1</sup> .....	4,200	5,000
Boeuf River.....		5,000
Bayou Bartholomew.....		2,500
Saline River.....		2,000
Bayous D'Arbonne and Corney.....		2,000
Yazoo River.....		\$16,000
Tallahatchie and Coldwater Rivers.....		10,000
Big Sunflower River.....		12,000
Steele and Washington Bayous and Lake Washington.....		2,500
Arkansas River.....		35,000
White River.....		22,500
Black River.....		15,000
Current River.....		4,500
St. Francis and L'Angeville Rivers and Blackfish Bayou.....		9,000
Mississippi River, Ohio to Missouri Rivers.....	500,000	500,000
Mississippi River, removing snags and wrecks below the mouth of the Missouri River.....		25,000
Mississippi River, Missouri River to Minneapolis.....	1,100,000	
Mississippi and Leech Rivers.....	25,000	
Red Lake and Red Lake River, Minn. <sup>1</sup> .....	3,000	
Missouri River, Kansas City to the mouth.....	1,000,000	500,000
Missouri River, Kansas City to Sioux City.....		25,000
Missouri River, Sioux City to Fort Benton.....		15,000
Osage River.....		10,000
Cumberland River below Nashville.....	460,000	
Cumberland River above Nashville.....	535,000	
Tennessee River, below Riverton.....	122,000	8,000
Tennessee River, above Chattanooga.....		20,000
Tennessee River, Chattanooga to Riverton.....	255,000	
Survey of Tennessee River.....	300,000	
Ohio River (lock and dam construction).....	7,000,000	
Ohio River, open channel improvement.....		526,000
Monongahela River, Pa. and W. Va. <sup>1</sup> .....	2,000,000	
Allegheny River.....		5,000
Grand Marais Harbor, Minn.....		6,000
Agate Bay Harbor.....		2,000
Duluth-Superior Harbor.....		50,500
Port Wing Harbor.....		1,000
Ashland Harbor.....		6,000
Ontonagon Harbor.....		9,000
Keweenaw Waterway.....	7,000	70,500
Marquette Bay harbor of refuge.....		1,000
Marquette Harbor.....		1,500
Grand Marais Harbor, Mich.....		15,000

<sup>1</sup> New projects.



Amounts stated in the annual report of the Chief of Engineers as those that can be profitably expended during the fiscal year ending June 30, 1924, etc.—Continued.

Localities.	Improvement.	Maintenance.
Warroad Harbor and River.....		\$4,000
Zippel Bay, Lake of the Woods.....		2,000
Bandette Harbor and River.....		800
Manistique Harbor.....		8,000
Menominee Harbor and River.....		10,000
Green Bay Harbor <sup>1</sup> .....	\$110,000	10,000
Fox River.....		160,000
Sturgeon Bay and Lake Michigan Ship Canal.....		33,000
Keweenaw Harbor.....		11,500
Two Rivers Harbor.....		8,000
Manitowoc Harbor.....		120,000
Sheboygan Harbor.....		7,000
Milwaukee Harbor <sup>1</sup> .....	500,000	118,000
Racine Harbor.....		9,500
Kenosha Harbor.....		5,000
St. Joseph Harbor.....		50,000
South Haven Harbor.....		13,500
Grand Haven Harbor.....		36,000
Muskegon Harbor.....		18,500
Ludington Harbor.....		150,000
Manistee Harbor.....	15,000	19,500
Frankfort Harbor.....		20,000
Charlevoix Harbor.....		5,000
Chicago Harbor.....		21,000
Chicago River.....		6,500
Calumet Harbor and River.....		160,000
Indiana Harbor.....	285,000	88,000
Michigan City Harbor.....		34,500
Illinois River.....	65,000	130,000
St. Marys River.....		25,000
Channels in Lake St. Clair.....		15,000
Detroit River.....	450,000	10,000
Alpena Harbor.....		8,000
Harbor of refuge at Harbor Beach, Lake Huron.....		40,000
Black River, Mich.....		2,500
Rouge River.....		8,000
Toledo Harbor.....		50,000
Sandusky Harbor.....	58,000	10,000
Huron Harbor.....		5,500
Lorain Harbor.....		8,000
Cleveland Harbor.....		25,000
Fairport Harbor.....		5,000
Ashtabula Harbor.....		8,000
Conneaut Harbor.....	25,000	8,000
Erie Harbor.....		10,000
Buffalo Harbor.....	50,000	21,500
Black Rock Channel and Tonawanda Harbor <sup>1</sup> .....	200,000	25,000
Charlotte Harbor.....		15,500
Great Sodus Bay.....		25,500
Little Sodus Bay.....		25,500
Oswego Harbor.....	25,000	20,500
Cape Vincent Harbor.....		500
Ogdensburg Harbor.....		2,000
San Diego Harbor, Calif. <sup>1</sup> .....	135,850	
Los Angeles Harbor <sup>1</sup> .....	760,000	
San Francisco Harbor <sup>1</sup> .....	330,000	10,000
Oakland Harbor <sup>1</sup> .....	200,000	35,000
Richmond Harbor.....	128,000	
San Pablo Bay and Mare Island Straits.....	130,000	
Suisun Bay Channel.....		13,000
Petaluma Creek.....		40,000
San Rafael Creek.....		1,000
Humboldt Harbor and Bay.....	719,350	108,100
Noyo River, Calif. <sup>1</sup> .....	16,000	
San Joaquin River.....		26,000
Stockton and Mormon Channels (diverting canal).....		5,000
Mokelumne River.....		800
Sacramento River.....		95,000
Coos Bay <sup>1</sup> .....	1,051,000	159,000
Coos River.....		3,000
Umpqua River, Oreg. <sup>1</sup> .....	276,500	
Yaquina Bay and Harbor.....	130,000	
Columbia River and tributaries above Celilo Falls to mouth of Snake River.....		13,500
Snake River.....		13,000
Columbia and Lower Willamette Rivers <sup>1</sup> .....	1,000,000	700,000
Clatskanie River.....	4,620	4,500
Willamette Slough, Oreg. <sup>1</sup> .....	23,350	
Willamette River above Portland and Yamhill River.....		29,000
Lewis River.....	5,600	6,800
Cowlitz River.....		6,000
Skamokawa Creek.....		2,000
Grays River.....		2,000
Willapa River and Harbor.....	200,000	
Grays Harbor and Bar.....		60,000
Puget Sound and tributary waters.....		30,000
Waterway, Port Townsend Bay—Oak Bay.....		5,000
Seattle Harbor.....		10,000
Lake Washington Ship Canal <sup>1</sup> .....	288,000	12,000
Swinomish Slough.....		2,500
Bellingham Harbor.....		5,000
Nome Harbor, Alaska.....		5,000
Wrangell Harbor, Alaska <sup>1</sup> .....	50,000	
Honolulu Harbor, Hawaii.....	150,000	
Hilo Harbor.....	374,000	
Nawiliwili Harbor.....	300,000	
San Juan Harbor, P. R.....	300,000	
Yuba River, restraining barriers.....		15,000
Total.....	43,178,130	13,412,280

<sup>1</sup>New projects.

Flood control:	
Mississippi River Commission.....	\$5,990,000
Sacramento River.....	500,000
Expenses, California Débris Commission.....	18,000
Wilson Dam, Tennessee River.....	7,500,000
Supervisor New York Harbor.....	397,000
Examinations, surveys, and contingencies of rivers and harbors.....	500,000
Total.....	14,905,000

RECAPITULATION.	
For improvement.....	\$43,178,130
For maintenance.....	13,412,280
For related subjects.....	14,905,000
Grand total.....	71,495,410

Mr. STANFIELD. The Budget Bureau, without rhyme or reason, without pointing to a single project that it deemed unworthy, without recommending that work be delayed upon a single project in this list, without recommending that the amount stated as required for any single project be reduced, and without giving a reason for reducing the aggregate amount required, as recommended by the Army engineers, arbitrarily and without justification cut the amount in two.

The subject came up in the Appropriations Committee of the House, and this committee, without pointing to a single project that was not justified or upon which the work could be delayed without doing great damage to the community served by such project, arbitrarily, and with the hope of satisfying the Representatives on the floor, increased the amount recommended by the Budget Bureau to \$37,000,000.

The Members of the House who were familiar with the work proposed to be done by the Army engineers knew the importance of it and knew that every single project on the list was justified and immediate work was necessary to best serve the community and the country, increased the appropriation to the amount originally recommended by the Army engineers by a vote of 152 to 44.

It is not a secret that the railroad transportation of this country has failed miserably during the last few years to serve the producers. During the last harvest and within the last six months millions of bushels of choice apples produced in the Northwest have been dumped into the river for want of transportation, while the great mass of consumers in the East are compelled to pay 10 cents apiece for similar apples.

Seventy per cent of the population of the United States live east of the Mississippi River. Practically 50 per cent of the total population of the United States live in the 19 States adjoining and adjacent to the Atlantic Ocean, where they are readily and easily served by water transportation, and these people are to-day being penalized with exorbitant rents and exceptionally high building construction costs. Yet on the slope of the Pacific, in the three States of Washington, Oregon, and California, stands over one-half of all the saw timber in the United States.

The product of this timber can be transported by water to the Atlantic coast for from \$12 to \$15 per thousand feet less than it can be transported across the continent by rail, and this difference in transportation cost means from \$20 to \$30 per thousand feet difference in the price paid by the consumer.

A vessel that carries less than 3,000,000 feet can not afford to make the long trip from Pacific coast ports through the canal to Atlantic coast ports. Very few ports on the Pacific coast will admit vessels of this size, and these ports are not the shortest outlet for the vast timber resources. The expenditure of a very small sum of money will deepen and make secure several other ports which reach directly the mills and timber.

The ports on the Atlantic coast in the main are already improved and require maintenance only; the Panama Canal has been constructed at a great cost and has justified its undertaking. During the last year the largest tonnage passed through this canal of any year since its existence, and over \$12,000,000 in tolls was collected, which is also the largest of any year. The coast to coast traffic, both east and west, was doubled during the last year. We have great fleets of vessels lying at anchor, deteriorating and rapidly approaching the worthless, useless stage—in fact, every link in the chain of water transportation between the Atlantic and Pacific is complete, barring the improvement of a few harbors—and if the appropriation for river and harbor work is reduced by Congress it means that many of these worthy, important, and justified harbor improvements on the Pacific coast will not be undertaken during the next fiscal year, for if the amount recommended by the engineers is reduced many projects will be eliminated for want of the money to start them, and no one at this time can tell what projects will be so eliminated.

It ill becomes the Budget Bureau and it ill becomes Congress or any Member of it to demand a reduction of the amount said to be necessary by the Army engineers, unless they can point their finger to some identical project or projects that are not justified and should be eliminated from the list as submitted.

The railroad interests of this country bitterly fought the construction of the Panama Canal. The railroad interests of this country have bitterly fought the elimination of tolls on coastwise trade through the canal. The railroad interests of this country have always opposed the improvement of rivers and harbors that would promote water transportation, and yet the railroads of this country have broken down and failed to properly serve either the producers or consumers during the last few years.

As an instance in my own State, in the great Hood River apple-producing section our people spent 10 years to grow orchards, and another year of spraying, cultivating, and pruning to produce a crop; then they picked it, wrapped it, and packed it, and hauled it to the warehouse, ready for shipment, only to find that the railroads would give them 10 cars where they needed 100. The warehouses became choked, filled to capacity, and still 50 per cent of the crop remained in the possession of the producers, without any facilities to protect it from the cold weather that was then fast approaching, the result of which was an enormous loss to these apple producers, and all for the want of sufficient refrigerator cars to ship it in.

During this strenuous period they were receiving less than ests oppose the development of rivers and harbors and the removal of the Panama Canal tolls on coastwise shipments, or any other thing that will move a pound of freight in any way except over the rails of the railroad; yet they are unable to properly serve the people and will be unable for some time to come.

Until it can be pointed out and proven that some item on the list submitted is not justified or the amount recommended by the Army engineers can not be economically and profitably expended during the coming fiscal year, I deem it my duty, with the responsibilities of serving my people and this country, to accept the recommendations made by the Army engineers and support the appropriation shown to be necessary.

Mr. President, we are legislating here daily to give relief to the industries of our country. To-day we had presented a bill to extend credit to agriculture. The question of credit to agriculture is of but little importance when compared with the interest and concern they have in the problem of transportation. The question of river and harbor development is not only of interest to the coasts, but it should be of concern to the entire country, because such improvements will tend to give better service to the interior part of the country if the traffic which comes from the coast is carried by way of the canal and out of our harbors and rivers.

BERTHA N. RICH.

Mr. FRELINGHUYSEN. Mr. President, I ask unanimous consent that we proceed to the present consideration of Senate bill 4114, for the relief of Bertha N. Rich.

Mr. DIAL. Let the bill be read.

The VICE PRESIDENT. The Secretary will read the bill.

The Assistant Secretary read the bill.

Mr. FRELINGHUYSEN. In compliance with the suggestion of several Members of the Senate who think that \$15,000 is too large in this case, I have consented to lower the amount, and I offer an amendment reducing the amount from \$15,000 to \$10,000. I understand that the Committee on Claims have established the precedent of making that the maximum in these claims, although this is a unique case, and had Mrs. Rich an opportunity to present the claim in court, undoubtedly she would receive a greater sum than this amount.

The death of the husband of the claimant was due to the gross negligence and carelessness of Army sergeants and privates who were in charge of a machine gun on exhibition at the Trenton State Fair, and I believe that the Government will only be doing justice to a very limited degree when the bill is passed appropriating \$10,000 for the claim; but I understand the members of the committee believe that is sufficient, and therefore I offer the amendment.

The VICE PRESIDENT. Is there objection to the immediate consideration of the bill?

Mr. DIAL. I do not object to immediate consideration, but I want to speak on the merits of the bill.

I regret that the Senator waits until so late in the day to bring up important matters when there are so many Senators absent. I dislike, of course, to call for a quorum and I am not going to do so now, but I must say that I disapprove of the practice and possibly hereafter I shall insist upon the presence

of a quorum. I would like very much for the Senate to be better posted with reference to such bills.

I have waited a long time, thinking that very probably a free and full investigation would be had of similar private claims, because I am convinced that the Government pays out a great deal of money which it should not pay. In this particular claim there is no liability whatever on the part of the Government as I see it. There is a full report by the department. The facts of the case were these: A fair association of Trenton requested the Government to send them an exhibit, and they sent this gun.

Mr. FRELINGHUYSEN. Mr. President, may I interrupt the Senator to correct his statement?

Mr. DIAL. Very well.

Mr. FRELINGHUYSEN. The commander of the First Division made application to the fair for permission to send a recruiting squad there. The fair did not ask the First Division for the recruiting squad. The recruiting squad was sent there and no pay was exacted in any manner whatsoever. There was another exhibition known as a circus, a separate organization of the First Division, which they asked to come and which had no relation whatever to the recruiting end at all. They were separate things. For that they paid \$2,000.

Mr. DIAL. I did not say anything about pay. I merely read the report casually and my recollection is that the fair association wanted the exhibit and it was sent there.

This was supposed to be an unloaded gun, but in some way or other a cartridge was placed in the gun. It was not to be fired, however. This was against instructions. The particular gun was installed in a 4-foot inclosure and no one was to get close to it. An Army officer or employee was in charge of it. The man in charge of it went to supper and left some one else in charge, and the deceased, the husband of the lady claimant, and some others were close to the gun. The deceased was pushed over against the gun and it exploded or was fired, and the man was killed. The Army officers investigated the case very thoroughly. My recollection is that according to the report they had three courts-martial and cleared every one of the Government employees.

Mr. FRELINGHUYSEN. May I again correct the Senator?

Mr. DIAL. Certainly.

Mr. FRELINGHUYSEN. It is true that the charges were dismissed against the men, but the commanding general who ordered the men there on recruiting duty disapproved those charges. The destruction of this man's life was shown to have been due to gross negligence on the part of Army authorities. That is the report of the board convened by the Army authorities, that the gun was defective, that contrary to orders they had loaded ammunition, that the gun was fired in the face of spectators, and that the man was killed. It has been submitted to men who are lawyers and they say undoubtedly the Army was guilty of gross negligence.

Mr. DIAL. This demonstrates one of the misfortunes in waiting until so late in the day to bring up the bill. We get the facts confused. I do not desire to misrepresent the facts at all, but if anyone will read the report on page 3 he will see that the gun was not being fired under instructions of the Government. It was not to be fired at all. It was supposed to be a mum gun. I do not know what the Army calls it, but it was not to be fired and not intended to be exhibited in that way. The report said:

While standing here the gun was discharged and Mr. Rich fell to the ground. At the same instant Private Schwartz was pushed to a point near the gun by another man. As he struck the ground the gun fired.

It was not being fired by the officers, but the man was pushed against it and the gun went off—accidentally went off. So if anybody was liable, it was the fair company who invited the exhibit there, and not the United States Government. I have read the report, and I did not find where they convicted anybody. My recollection is they cleared everybody, showing it was not the fault of the Government, but was the fault of either the man who was a trespasser or the fault of some one else, or a pure accident. This kind of claim ought to go into court.

Mr. FRELINGHUYSEN. Mr. President, will the Senator yield?

Mr. DIAL. I decline to yield for the moment. I will yield presently.

The report shows that the Government relied upon the attorney for Mrs. Rich; that the attorney for Mrs. Rich prepared the case for the Government. That does not show a great deal of diligence on the part of the Government. Of course, I say nothing against the attorney, whose name, I believe, was Oliphant. He was very active in getting the case up and making out a case for Mrs. Rich, and the Government relied on what he



said. It seems the case was looked into most thoroughly, and it was shown that the accident was not the Government's fault, and they discharged the men involved.

Of course, I know nothing about the people and never heard of them before. It is not a question with me of what Senator introduced the bill. That has no influence whatever with me. But I do not think the Government is ready to donate money to people who bring about their own injury or are injured purely accidentally. Certainly the Government is not liable. The fair association might be liable or the man who pushed the deceased against the gun might be liable, but there is no ground here to show that the Government was liable, and there is no reason why money should be paid to these people, unless we want the Government to go into the business of contributing to the people of New Jersey.

Mr. President, I want Senators to know what they are voting on. In the first place, the Government is not at all liable, as I see it. In the next place, the case ought to be tried in the court. If the Government is willing to give its consent, I have no objection to that course at all. I think we are going to have to establish the precedent here sooner or later that such matters must be tried in court.

The next remedy is, if we are going to give anything at all, whether we want to donate the magnificent sum of \$25,000, as was provided when the matter first came here, though it is proposed now to cut it down to \$15,000, and I understand there will be a proposition submitted to reduce it to \$10,000.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 4114) for the relief of Bertha N. Rich, which had been reported from the Committee on Claims with an amendment, in line 6, to strike out "\$25,000" and insert "\$15,000," so as to make the bill read:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$15,000 to Bertha N. Rich, now residing in Trenton, in the county of Mercer, N. J., as full compensation for the loss of life of her late husband, Walter A. Rich, who was killed by the accidental discharge of a machine gun at the Interstate Fair at Trenton, N. J., October 2, 1920.

Mr. DIAL. Mr. President, I move to amend by reducing the amount to \$5,000. However, I presume I can not do that before we dispose of the amendment to the amendment of the committee.

The VICE PRESIDENT. The first question is on the amendment proposed by the Senator from New Jersey to the amendment of the committee.

Mr. ROBINSON. The proper parliamentary procedure would be for the Senator from South Carolina to offer his amendment to the amendment of the committee.

Mr. FRELINGHUYSEN. I am a member of the committee, and mine may be regarded as a modification of the committee amendment. However, I will temporarily withdraw my amendment in order that the amendment of the Senator from South Carolina may be voted on.

Mr. ROBINSON. The Senator need not do that. The amendment is in order as an amendment to the amendment of the committee.

The VICE PRESIDENT. An amendment to strike out and insert is in order.

Mr. DIAL. Then my motion is to strike out "\$10,000" and insert "\$5,000."

The VICE PRESIDENT. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. In lieu of the sum proposed to be inserted by the committee insert "\$5,000."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from South Carolina to the amendment of the committee.

The amendment to the amendment was rejected.

The ASSISTANT SECRETARY. It is now proposed by the Senator from New Jersey, in lieu of the sum proposed to be inserted by the committee, "\$15,000," to insert "\$10,000."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### EXECUTIVE SESSION.

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in

executive session the doors were reopened; and (at 5 o'clock and 15 minutes p. m.) the Senate, under the order previously made, took a recess until to-morrow, Friday, January 26, 1923, at 12 o'clock meridian.

#### NOMINATIONS.

*Executive nominations received by the Senate January 25 (legislative day of January 23), 1923.*

#### PROMOTIONS IN THE REGULAR ARMY.

##### To be captains.

First Lieut. Clarence Harvey Bragg, Infantry, from January 5, 1923.

First Lieut. Paul Rutherford Knight, Infantry, from January 7, 1923.

First Lieut. DeWitt Clinton Smith, jr., Infantry, from January 8, 1923.

##### To be first lieutenants.

Second Lieut. Edward Arthur Dolph, Coast Artillery Corps, from January 5, 1923.

Second Lieut. Joseph Kittredge Baker, Cavalry, from January 6, 1923.

#### APPOINTMENT BY TRANSFER IN THE REGULAR ARMY.

##### FIELD ARTILLERY.

First Lieut. William Mason Wright, jr., Infantry, with rank from July 1, 1920.

#### APPOINTMENTS IN THE BRANCHES OF THE REGULAR ARMY.

##### To be second lieutenants with rank from January 5, 1923.

Herbert William Kruger, Field Artillery.

James Lewis Montague, Infantry.

Henry Dwight Fansler, Infantry.

William Earl Watters, Field Artillery.

Leo Henry Dawson, Air Service.

Michael Vincent Healey, Air Service.

Hilton Welborn Long, Air Service.

Milton John Smith, Air Service.

Carl Budd Wahle, Coast Artillery Corps.

James Eldridge Gardner, Air Service.

Leonard Loyd Hilliard, Infantry.

Lester Vocke, Field Artillery.

Frederick Viehe Armistead, Field Artillery.

John Leon Dicks, Infantry.

Thomas Jefferson Randolph, Cavalry.

Harry Edwin Magnuson, Coast Artillery Corps.

Gerald Crofoot Williams, Air Service.

Robert Boyd Williams, Air Service.

James Fish, Infantry.

LaRoy Sanders Graham, Infantry.

Francis Lavelle Ready, Cavalry.

Joseph Rexford Vernon, Corps of Engineers.

David Hottenstein, Coast Artillery Corps.

George John Kelley, Coast Artillery Corps.

Ray Brooks Floyd, Infantry.

Ray Eugene Marshall, Infantry.

Morris Miller Bauer, Corps of Engineers.

George Cabell Carrington, Infantry.

Charles Henry Berle, Coast Artillery Corps.

Harland Fremont Burgess, Infantry.

Karl Clifford Frank, Coast Artillery Corps.

Harry Munroe Leighley, Coast Artillery Corps.

Clyde Anderson Burcham, Cavalry.

Walter Raymond Miller, Infantry.

Randall James Hogan, Ordnance Department.

Herman William Fairbrother, Infantry.

Robert Nicholas Young, Infantry.

James Frederick Phillips, Corps of Engineers.

Clement Thomas Gleason, Finance Department.

John Bixby Shepard, Infantry.

Theodore Allen Martin, Infantry.

Allen Crabill, Chemical Warfare Service.

Douglas Valentine Johnson, Field Artillery.

George Joseph Hill, jr., Infantry.

Frederick Williams Watrous, Field Artillery.

Charles Elford Smith, Infantry.

Franz von Schilling, jr., Field Artillery.

Raymond Edward Culbertson, Field Artillery.

Maynard Harper Carter, Infantry.

LaGrande Albert Diller, Infantry.

Robert Parker Hollis, Field Artillery.

Isaac Davis White, Cavalry.

Louis Edward Roemer, Infantry.

Max Hesner Gooler, Infantry.

Joseph Howard Harper, Infantry.

Emerald Foster Sloan, Infantry.  
 Newton Farragut McCurdy, Cavalry.  
 John Julius Dubbelds, jr., Infantry.  
 Joe Ford Simmons, Coast Artillery Corps.  
 Clarence Turner Hulett, Infantry.  
 Daniel Powell Poteet, Field Artillery.  
 Edmund Kennedy Ellis, Infantry.  
 Frank Henry Marks, Coast Artillery Corps.  
 Ord Gariche Chrisman, Infantry.  
 Gerson Kirkland Heiss, Ordnance Department.  
 Grover Cleveland Kinney, Infantry.  
 Ransom George Amlong, Quartermaster Corps.  
 Paul Lawrence Martin, Field Artillery.  
 Walter Howard DeLange, Air Service.  
 Robert Kelsey Haskell, Field Artillery.  
 Walter Sidney Smith, Air Service.  
 John Owen Colonna, Corps of Engineers.  
 Walter Francis McGinty, Infantry.  
 Ralph Adel Snavelly, Air Service.  
 Claude Armenius Thorp, Cavalry.  
 Everett Wilcox, Infantry.  
 Richard Maxwell Spengler, Infantry.  
 Rowland Reid Street, Infantry.  
 John Marquiss Whistler, Field Artillery.  
 Thomas Edward Meyer, Field Artillery.  
 Howard Miller Fey, Infantry.  
 George Mandeville Brien, Field Artillery.  
 James Howard Leusley, Field Artillery.  
 John Francis McGowan, Air Service.  
 William Henry Drummond, Field Artillery.  
 Lester Mavity Rouch, Field Artillery.  
 Glen Trice Lampton, Air Service.  
 Viking Torsten Ohrbom, Infantry.

*To be second lieutenants with rank from January 3, 1923.*

Charles Llewellyn Corman, Quartermaster Corps, late first lieutenant, Infantry, Regular Army.  
 Edgar Nash, jr., Coast Artillery Corps, late captain, Coast Artillery Corps, Regular Army.  
 Joseph Perry Cotte, Infantry, late first lieutenant, Cavalry, Regular Army.  
 Albert Carroll Morgan, Infantry, late second lieutenant, Infantry, Regular Army.  
 Randolph Bart Wilkinson, Infantry, late first lieutenant, Infantry, Regular Army.

*To be second lieutenants with rank from January 4, 1923.*

Perley Bernard Sancomb, Cavalry.  
 John LaValle Graves, Field Artillery.

#### APPOINTMENT IN THE NAVY.

##### MARINE CORPS.

Harry H. Leighley, a citizen of the State of New York, to be a second lieutenant in the Marine Corps, for a probationary period of two years, from the 20th day of January, 1923.

##### POSTMASTERS.

##### ALABAMA.

Jesse A. Eason to be postmaster at Ozark, Ala., in place of W. M. Head. Incumbent's commission expired September 5, 1922.

Dozier N. Cartledge to be postmaster at Midway, Ala. Office became presidential April 1, 1922.

##### ARKANSAS.

Charles E. Wilson to be postmaster at Greenland, Ark. Office became presidential April 1, 1922.

John A. Borgman to be postmaster at Jonesboro, Ark., in place of C. B. Gregg, resigned.

##### CALIFORNIA.

Mary A. Dempsey to be postmaster at Colusa, Calif., in place of M. A. Dempsey. Incumbent's commission expired April 30, 1922.

##### COLORADO.

Agnes M. Ward to be postmaster at Bennett, Colo. Office became presidential July 1, 1921.

Frank D. Aldridge to be postmaster at Wellington, Colo., in place of Adam Baxter. Incumbent's commission expired September 5, 1922.

##### FLORIDA.

Ethel H. Gannaway to be postmaster at Lemon City, Fla., in place of O. H. P. Faus, resigned.

Lera H. Taylor to be postmaster at Mayo, Fla., in place of D. H. Weaver, removed.

##### IDAHO.

Avery G. Constant to be postmaster at Buhl, Idaho, in place of A. G. Constant. Incumbent's commission expired April 20, 1922.

##### ILLINOIS.

A. Luella Smith to be postmaster at Chatham, Ill. Office became presidential October 1, 1920.

Peter H. Conzet to be postmaster at Greenup, Ill., in place of W. H. Rodebaugh. Incumbent's commission expired December 6, 1922.

Margaret Helder to be postmaster at Minonk, Ill., in place of W. H. Ryan. Incumbent's commission expired October 24, 1922.

Benjamin S. Price to be postmaster at Mount Morris, Ill., in place of S. E. Avey. Incumbent's commission expired October 24, 1922.

##### INDIANA.

Louis M. Biesecker to be postmaster at Cedar Lake, Ind. Office became presidential April 1, 1922.

Frank Lyon to be postmaster at Arcadia, Ind., in place of J. M. Driver, resigned.

Burr E. York to be postmaster at Converse, Ind., in place of Sylvester Rennaker. Incumbent's commission expired September 5, 1922.

Hah M. Dausman to be postmaster at Goshen, Ind., in place of J. A. Beane. Incumbent's commission expired September 5, 1922.

Hattie M. Craw to be postmaster at Jonesboro, Ind., in place of B. W. Shafer. Incumbent's commission expired September 5, 1922.

John M. Johnston to be postmaster at Logansport, Ind., in place of G. B. Davis. Incumbent's commission expired September 5, 1922.

George E. Jones to be postmaster at Peru, Ind., in place of W. H. Augur. Incumbent's commission expired September 5, 1922.

##### IOWA.

Charlie M. Willard to be postmaster at Persia, Iowa, in place of G. A. Moss, resigned.

##### KANSAS.

Hester Goldsmith to be postmaster at Cheney, Kans., in place of J. I. Saunders. Incumbent's commission expired September 13, 1922.

William D. Hale to be postmaster at Dexter, Kans., in place of M. R. Hale. Incumbent's commission expired October 14, 1922.

William R. Waring to be postmaster at Hope, Kans., in place of Nettie Watkins. Incumbent's commission expired September 13, 1922.

Winifred Hamilton to be postmaster at Solomon, Kans., in place of G. W. Lank. Incumbent's commission expired September 13, 1922.

Franklin C. Thompson to be postmaster at Stafford, Kans., in place of J. W. Stivers. Incumbent's commission expired October 14, 1922.

##### KENTUCKY.

Martin Himler to be postmaster at Himlerville, Ky. Office became presidential October 1, 1922.

Orvil Coleman to be postmaster at Wolfpit, Ky. Office became presidential January 1, 1921.

Mollie L. Nolan to be postmaster at Harlan, Ky., in place of M. E. Green. Incumbent's commission expired August 23, 1920.

##### LOUISIANA.

Pierre O. Broussard to be postmaster at Abbeville, La., in place of P. O. Broussard. Incumbent's commission expired September 5, 1922.

##### MAINE.

Ralph T. Horton to be postmaster at Calais, Me., in place of P. F. Welch. Incumbent's commission expired September 28, 1922.

Michael J. Kennedy to be postmaster at Woodland, Me., in place of T. L. Higgins. Incumbent's commission expired April 26, 1920.

##### MARYLAND.

Phillip E. Hunt to be postmaster at Waldorf, Md. Office became presidential October 1, 1921.

##### MASSACHUSETTS.

Charles E. Goodhue to be postmaster at Ipswich, Mass., in place of J. H. Lakeman. Incumbent's commission expired October 1, 1922.

Albert Pierce to be postmaster at Salem, Mass., in place of J. H. Sheedy. Incumbent's commission expired October 1, 1922.



Christopher G. Simpson to be postmaster at Springfield, Mass., in place of T. J. Costello. Incumbent's commission expired October 1, 1922.

George H. Lochman to be postmaster at Winchester, Mass., in place of J. F. O'Connor, deceased.

#### MICHIGAN.

Herbert E. Ward to be postmaster at Bangor, Mich., in place of Mark Burlingame. Incumbent's commission expired September 13, 1922.

James W. Cobb to be postmaster at Birmingham, Mich., in place of G. H. Mitchell. Incumbent's commission expired November 15, 1922.

Homer L. Allard to be postmaster at Sturgis, Mich., in place of H. W. Hagerman. Incumbent's commission expired September 13, 1922.

#### MINNESOTA.

Wilson W. Wright to be postmaster at Cromwell, Minn. Office became presidential October 1, 1922.

Frank H. Wherland to be postmaster at Welcome, Minn., in place of O. P. Miller, resigned.

#### MISSOURI.

Leah Abernathy to be postmaster at Chaffee, Mo., in place of J. C. Wylie. Incumbent's commission expired September 5, 1922.

#### MONTANA.

Estella K. Smith to be postmaster at Lima, Mont. Office became presidential April 1, 1921.

#### NEBRASKA.

Alfred W. Saville to be postmaster at Collegeview, Nebr., in place of G. R. Eno. Incumbent's commission expired October 3, 1922.

#### NEW HAMPSHIRE.

Harlie A. Cole to be postmaster at Groveton, N. H., in place of William Hayes. Incumbent's commission expired September 19, 1922.

#### NEW JERSEY.

Annie E. Hoffman to be postmaster at Allenhurst, N. J., in place of F. J. Imlay. Incumbent's commission expired February 19, 1922.

Frederick Knapp to be postmaster at Little Ferry, N. J., in place of William Fehrs, resigned.

Joseph R. Forrest to be postmaster at Palisades Park, N. J., in place of J. J. Roche, removed.

Wilbur Fuller to be postmaster at Sussex, N. J., in place of R. J. Quince. Incumbent's commission expired October 24, 1922.

#### NEW YORK.

Max J. Lahr to be postmaster at Fillmore, N. Y., in place of B. M. Sweet. Incumbent's commission expired November 21, 1922.

Thomas S. Spear to be postmaster at Sinclairville, N. Y., in place of J. G. Rose. Incumbent's commission expired November 21, 1922.

#### NORTH CAROLINA.

Rufus W. Carswell to be postmaster at Forest City, N. C., in place of R. W. Caswell, to correct name.

#### OHIO.

Charlie D. Harvey to be postmaster at North Fairfield, Ohio. Office became presidential April 1, 1922.

Walter W. Wiant to be postmaster at Saint Paris, Ohio, in place of J. H. Biddle. Incumbent's commission expired September 19, 1922.

#### OKLAHOMA.

Forrest L. Strong to be postmaster at Clinton, Okla., in place of S. R. Hawks, jr. Incumbent's commission expired February 4, 1922.

Elmer D. Rook to be postmaster at Sayre, Okla., in place of C. E. Steele. Incumbent's commission expired July 23, 1921.

#### OREGON.

Henry H. McReynolds to be postmaster at Pilot Rock, Oreg., in place of H. H. McReynolds. Incumbent's commission expired December 18, 1922.

#### PENNSYLVANIA.

Samuel F. Williams to be postmaster at Le Raysville, Pa. Office became presidential January 1, 1921.

James C. Whitby to be postmaster at Bryn Mawr, Pa., in place of J. J. McAllister. Incumbent's commission expired September 19, 1922.

Edward A. P. Christley to be postmaster at Ellwood City, Pa., in place of B. N. De France, removed.

George R. Fleming to be postmaster at Haverford, Pa., in place of B. J. Rountree. Incumbent's commission expired September 19, 1922.

John C. Sullivan to be postmaster at Ogontz, Pa., in place of J. A. Coonahan. Incumbent's commission expired September 19, 1922.

#### SOUTH DAKOTA.

George E. Conrick to be postmaster at Chamberlain, S. Dak., in place of F. P. Gannaway. Incumbent's commission expired September 11, 1922.

Frank Den Beste to be postmaster at Corsica, S. Dak., in place of F. D. Beste, to correct name.

#### TENNESSEE.

Willis F. Arnold to be postmaster at Jackson, Tenn., in place of Oliver Benton, resigned.

#### TEXAS.

Amelia M. Bridges to be postmaster at Anderson, Tex., in place of A. M. Bridges. Incumbent's commission expired September 5, 1922.

Riley C. Couch to be postmaster at Haskell, Tex., in place of S. G. Dean, resigned.

William J. Barker to be postmaster at Van Horn, Tex., in place of G. K. Breeding, resigned.

#### UTAH.

John A. Call to be postmaster at Bountiful, Utah, in place of P. P. Willey. Incumbent's commission expired September 26, 1922.

#### VIRGINIA.

Ernest P. Burgess to be postmaster at Fort Union, Va. Office became presidential July 1, 1921.

Francis L. Armentrout to be postmaster at Goshen, Va., in place of S. A. Roadcap. Incumbent's commission expired September 13, 1922.

Leonard A. Hodges to be postmaster at Rockymount, Va., in place of W. C. Menefee, resigned.

#### WASHINGTON.

Elmer M. Armstrong to be postmaster at Washougal, Wash., in place of C. W. McClure. Incumbent's commission expired October 14, 1922.

#### WEST VIRGINIA.

Monroe Burns to be postmaster at Cairo, W. Va., in place of G. H. Merchant, resigned.

### CONFIRMATIONS.

*Executive nominations confirmed by the Senate January 25 (legislative day of January 23), 1923.*

#### MEMBER OF THE FEDERAL RESERVE BOARD.

Milo D. Campbell to be a member of the Federal Reserve Board.

#### POSTMASTERS.

##### MINNESOTA.

Philip Teisberg, Ashby.  
Henry H. Lukken, Boyd.  
Gustav C. Wollan, Glenwood.  
Kate M. Shubert, Hastings.  
John E. Redding, Houston.  
John Schmelz, Springfield.  
Edward F. Joubert, Wheaton.  
Elmer A. Peterson, Willmar.

##### NEW YORK.

Mary M. McCue, Gabriels.

##### NORTH CAROLINA.

Joseph K. Mason, Durham.

##### NORTH DAKOTA.

Milo C. Merrill, Flaxton.  
Fred E. Ackermann, Wishek.

##### RHODE ISLAND.

James H. Riley, Harrisville.

##### SOUTH DAKOTA.

Frank Dennerly, McLaughlin.

## TEXAS.

Adah L. Ridenhower, Hico.  
Calvin C. Davis, Iowa Park.  
James W. Travers, South Bend.  
Albert E. Newman, Texas City.  
Dyde Manning, Wills Point.

## UTAH.

Joseph B. Wright, Midvale.

## VIRGINIA.

Gatewood L. Schumaker, Covington.

## WITHDRAWAL.

*Executive nomination withdrawn from the Senate January 25  
(legislative day of January 23), 1923.*

## POSTMASTER.

Ben G. Swick to be postmaster at Elwood City, in the State of Pennsylvania.

## HOUSE OF REPRESENTATIVES.

THURSDAY, January 25, 1923.

The House met at 12 o'clock noon.

Rev. Earle Wilfey, D. D., pastor of the Vermont Avenue Christian Church, offered the following prayer:

O God, our Father in heaven, we await the inspiration of Thy spirit and the touch of Thy guiding hand. This day will not be what it ought to be without a sense of Thy presence, and we pray that Thy illuminating spirit may fill the hearts and minds this day that as men chosen for a great task we shall have a sense of the power of God in discharging it. We pray, Heavenly Father, that the men here assembled, representing as they do a great free people, may feel not only the weight of responsibility but a pride in something worth doing. And we pray that Thou wilt guide them this day and give them that measure of success in high doing that shall be Thine.

Our thoughts this morning, dear Father, are tempered by a great sorrow that has overtaken the Chaplain of this House, and we pray in the mercy of Thy love that Thou wilt deal gently and kindly with Doctor Montgomery and his family in their great bereavement. Thou who dost temper the wind to the shorn lamb be kind to them in this dark hour. Now we commit ourselves to Thee and ask that Thou wilt do for us what we can not do for ourselves, and that in all things we may be true and have Thy blessings upon our efforts. Hear us this morning at the beginning of this day's work and lead us at last to the light of truth and deeds of honor. We ask it for Thy great name's sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

## INTERNAL-REVENUE COLLECTION DISTRICTS.

Mr. MILLS, from the Committee on Ways and Means, by direction of that committee, submitted a report (No. 1451) to accompany S. 2051, to amend section 3142 of the Revised Statutes to permit an increase in the number of collection districts for the collection of internal revenue and in the number of collectors of internal revenue from 64 to 65, which was referred to the Committee of the Whole House on the state of the Union.

## HAWAIIAN HOMES COMMISSION.

Mr. CURRY. Mr. Speaker, by direction of the Committee on Territories I call up the bill (S. 4309) to amend an act entitled "An act to amend an act entitled 'An act to provide a government for the Territory of Hawaii,' approved April 30, 1900, as amended, to establish an Hawaiian homes commission, granting certain powers to the board of harbor commissioners of the Territory of Hawaii, and for other purposes," approved July 9, 1921, a similar House bill, H. R. 13631, being on the calendar.

The SPEAKER. The gentleman from California calls up the bill S. 4309, a similar bill being on the House Calendar. The Clerk will report the bill.

The Clerk read the bill, as follows:

*Be it enacted, etc., That paragraph (a) of section 207 of an act entitled "An act to amend an act entitled 'An act to provide a government for the Territory of Hawaii,' approved April 30, 1900, as amended, to establish an Hawaiian homes commission, granting certain powers to the board of harbor commissioners of the Territory of Hawaii, and for other purposes," approved July 9, 1921, is hereby amended to read as follows:*

*"(a) The commission is authorized to leave to native Hawaiians the right to the use and occupancy of a tract of Hawaiian home lands within the following acreage limits:*

*"(1) Not less than 20 nor more than 80 acres of agricultural lands;*

*or*  
*"(2) Not less than 100 nor more than 500 acres of first-class pastoral lands; or*

*"(3) Not less than 250 nor more than 1,000 acres of second-class pastoral lands: Provided, however, That lots, each of one-half of an acre or more, of any class of land may be leased as residence lots."*

*SEC. 2. That section 213 of the said act is hereby amended to read as follows:*

*"SEC. 213. There is hereby established in the treasury of the Territory a revolving fund to be known as the 'Hawaiian Home Loan Fund.' The entire receipts derived from any leasing of the 'available lands' defined in section 203, these receipts including proportionate shares of the receipts from the lands of Huamula Mauka, Piihonua, and Kaohi Makuu, of which lands portions are yet to be selected, and 80 per cent of the Territorial receipts derived from the leasing of cultivated sugarcane lands under any other provision of law, or from water licenses, shall be covered into the fund until the amount of money paid therein from those three sources alone shall equal \$1,000,000. In addition to these moneys and the moneys covered into the revolving fund as installments paid by lessees upon loans made to them as provided in paragraph 2 of section 215, there shall be covered into the revolving fund all other moneys received by the commission from any source whatsoever."*

*SEC. 3. That paragraph (1) of section 215 of the said act is hereby amended to read as follows:*

*"(1) The amount of loans to any one borrower outstanding at any one time shall not exceed \$3,000: Provided, however, That the amount of loans outstanding at any one time to the holder of a residence lot shall not exceed \$1,000."*

Mr. STAFFORD. Mr. Speaker, as this is a bill that has not been considered in the House, I think some explanation ought to be made to the House so that we may know the character of the legislation.

Mr. CURRY. Mr. Speaker, this bill corrects the reference to a section in the old bill which was misnumbered. It provides for resident lots within the land allotment set aside for the Hawaiian rehabilitation of lots of half an acre or more for residential lots. Under the act at present on the statute book there is no provision for resident lots. There will be probably 100 or 200 Hawaiians who are working at Hilo and vicinity who wish to have a home on resident lots. It cuts the loan down to \$1,000 on a resident lot.

Mr. STAFFORD. I thought it was \$3,000.

Mr. CURRY. One thousand dollars on the resident lot and \$3,000 for the other. There are two experiment stations of 5 acres each, and on each of them they grow garden truck; they have about 1,000 chickens, some hogs, and cattle; and under the ruling of the attorney general of the Territory of Hawaii the receipts from the sale of the products of the chickens and the hogs and the gardens go into the treasury of the Territory instead of into the revolving fund.

Mr. STAFFORD. This is for the benefit of the native Hawaiians, to encourage them in building home dwellings?

Mr. CURRY. Yes.

Mr. STAFFORD. To what extent have they availed themselves of it in the past?

Mr. CURRY. Less than 100 so far, but they expect soon to have 500 or 600 on the land.

Mr. SNELL. Will the gentleman yield for a question with relation to Hawaii?

Mr. CURRY. Yes.

Mr. SNELL. Will the gentleman tell us why it is that the Territory is not entitled to the privileges under the good roads act and the Sheppard-Towner maternity bill? That question has been asked me and I was unable to answer.

Mr. CURRY. It is because they do not apply to the Territory.

Mr. SNELL. Was it not the intention that they should apply to the Territory?

Mr. CURRY. I have tried for some time to have these acts apply to the Territories, but I am informed that the Territories receive more money under existing law than they would if the acts applied to the Territory. In Alaska 99.3 per cent of the land belongs to the United States Government. In Hawaii all of the public land belongs to the Territory of Hawaii. When Hawaii came into the Union they reserved, as Texas reserved when she came in, all of her public lands. We have no authority over the public lands; and so far as the road building is concerned through that Territory, I believe the Territory of Hawaii receives more money than if the law applied to that Territory.

Mr. SNELL. A prominent citizen of that Territory asked me that question a short time ago, and said there was a movement on foot in Hawaii to see if they could not come in under that law, that they felt there were advantages that should come to them on account of the law, and they believed that they are not receiving as many benefits as they would if they were allowed to avail themselves of the good roads act.

Mr. CURRY. The proper thing for them to do is to introduce bills and have one referred to the Committee on Roads